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## Near East/South Asia Report

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22 October 1985

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EGYPT

## ARAB LEADERS' POLITICAL STYLE CRITICIZED

Cairo AL-JUMHURIYAH in Arabic 31 Aug 85 p 5

[Commentary by Sa'd-al-Din Ibrahim: "The Principle of Dissimulation in Arab Politics"]

[Text] The principle of dissimulation [taqiyah] is a practice to which some Islamic groups resorted in medieval Arab history in order to protect themselves from persecution or oppression by the majority or by rulers who had a different religious creed or interpretation of the Qur'a or the sunnah. This practice meant feigning what was not within, to conform to the belief or behavior of the rulers or the majority, "fearful" that great evil might happen to them at the hand of the rulers or majority if they expressed truly what was hidden in the recesses of their hearts or minds. Most of the Islamic groups that resorted to the practice of dissimulation in this sense were few in number and had limited power and lived in an environment of intolerance and lack of freedom of thought or religion. Examples of these groups are a number of Shi'ah sects whose destiny led them to live amidst a Sunni majority. Naturally, with the passage of time, the majority accepted these Islamic groups, tolerated their religious positions and coexisted with them. Most of these groups gave up the practice of dissimulation and began to avow publicly what had been hidden. But the practice of dissimulation did not disappear from Arab life with this. Arab rulers and politicians seized it and practice it intensively, not just with their people but with each other also. Consequently, the outer aspect of Arab political life came to be completely contrary to the inner aspect of reality or of the Arab political situation.

### The Arab Summit in Morocco

I visited Morocco on the occasion of the last summit conference. I was given an opportunity to talk with the Arab ministers and officials who prepared the summit meeting. They participated in the sessions, the working committees and the composing of the final statement of the meeting.

In light of the modest results of the last summit, it was natural to ask these ministers and officials about what happened before and during the meeting of the Arab kings and presidents, and, more importantly, about the what these kings and presidents did, why they inflicted on themselves the trouble of the trip, why they wasted their time and the time of the Arab and

international information media and why they raised the expectations of the sons of this nation and then frustrated them again?

The gist of what emerged from these detailed conversations is that the Arab rulers practice the principle of dissimulation, either because they are afraid or restrained with each other. Those who agreed to attend knew that the basic issue put forward for discussion and decision would be the Jordanian-Palestinian agreement signed by King Husayn and Yasir 'Arafat this past February. The essence of the agreement is approval of the principle of negotiations with Israel and the United States under the umbrella of an international conference in which the permanent superpower members of the Security Council and the regional parties to the conflict will participate. The negotiations are on the basis of the recovery of land in exchange for a peace treaty. Another Arab summit, in Fes in 1982, agreed to this principle and decided upon it by consensus after Israel's invasion of Lebanon, the siege of Beirut and the withdrawal of the PLO forces in the summer of that year. The principle of "land in exchange for peace" was accepted by the late president Anwar al-Sadat five years previously. Since he had done this in an isolated fashion, King Husayn and Yasir 'Arafat wanted to avoid the course of action followed by President Al-Sadat. Therefore, they worked to convene the Arab summit meeting in Casablanca in July 1985.

Before the meeting, King Husayn and Mr Yasir 'Arafat made the rounds of most of the Arab capitals. They explained to the kings and presidents who received them what they intended for the summit. They heard agreement from everyone, with the exception of the rejectionists, Syria and Libya, primarily, and Algeria and Democratic Yemen, who had reservations. They heard agreement not only for attendance of the summit meeting but also for the Jordanian-Palestinian agreement based on the principle of "land in exchange for peace."

But when the date of the summit meeting arrived, a number of the kings, rulers and presidents excused themselves at the last moment, including King Fahd, the Saudi monarch, Sultan Qabus [of Oman], the amir of Kuwait and the presidents of Iraq, Tunisia, Algeria and Democratic Yemen, and sent representatives, such as the crown princes, vice-presidents, prime ministers or even foreign ministers of their countries. This was the first application of the principle of dissimulation. Then the discussion took place among those who attended...and it became clear that most of those attending were not prepared for the clear consensus agreement to which they had all agreed individually in the few weeks preceding the meeting of the summit. This was the second application of the principle of dissimulation. The practice of Saudi Arabia in this regard was cause for amazement for the kings of Morocco and Jordan and the head of the PLO, who had heard clearly from the Saudi monarch his agreement and blessing of the Jordanian-Palestinian agreement. When the discussions and confrontations became angry, the Saudis suggested a high-sounding, general, non-binding formula. There was also no rejection of the principle of land in exchange for peace. Then the summit in Casablanca ended, without implementation being mentioned.

## Why Dissimulation Among Rulers?

Irrespective of the content of what had been decided for discussion and of what was agreed upon in the last summit conference, and irrespective of whether we have agreed to or rejected the principle of land in exchange for peace, and even irrespective of whether Israel will accept this principle, in that it applies to the West Bank and the PLO...irrespective of all this, the problem which we are discussing is the practice of dissimulation. It continues to be one of the dilemmas of contemporary Arab politics.

We understand, for example, that a completely defeated people or a political opposition group fears repression, or that an independent, free thinker fears banishment and the arbitrariness of authority. We understand those who have resorted to the practice of dissimulation to avoid the anger of rulers or in fear of the evils of the technology of torture. But what about the rulers, those who sit at the peak of authority and systems of repression that carry out their orders with advanced technologies? What about these rulers who practice dissimulation with each other?

The answer is that most of the rulers, after they suppressed and filled their people with fear, began to oppress and fill each other with fear. They live in permanent fear, not only of their people, who might hesitate in a moment of fear, but also of their colleagues, the other rulers, who do not hesitate to use terrorism, gangsterism and sabotage against each other. We saw the assassination attempts on the ruler of Kuwait that happened a few months ago. We also saw or read about the bombing or airport hijacking incidents perpetrated by Arab intelligence agencies against each other.

In every quarter of the Arab nation, there are what appear to be impregnable fortresses which protect within them the peaks of the ruling systems and their intermediaries, apparatuses and harpies. From time to time, bands of harpies sortie out to discipline and correct the people, occasionally destroying some of their cities and villages as a means of revenge or preventive attack, to keep the people in a permanent state of imbalance. It is no surprise that the people harbor a strong dislike for the ruler and his apparatuses and harpies, even though this is not visible (dissimulation by the people).

Thus, it appears as if the Arab nation, from the ocean to the gulf, is fortified and governed by 20 fortresses, separated not only by the borders of the countries but also by the crowds of the Arab masses, who number more than 180 million. These millions of people are united not only by their Arab character, their culture and shared history, but also by the same degree of shared fear. They are united by a permanently concealed anger or temporary apparent weakness.

Each Arab government in its fortress fears not only the large sea of people that crouches outside the fortress, but also the rulers of the other fortresses. They try to keep an eye on each other and to frighten or to attack each other in surprise preventive blows to keep each other in a state of fear, disorder and imbalance. In order to be on guard against each other, the rulers practice dissimulation also.

The manifestations of the illness of contemporary Arab politics are many. One of these manifestations is the practice of dissimulation. Most of the rulers of this unhappy nation do not promise truthfulness with each other. Thus nationalization took place opposed to dissimulation, which was not considered suitable for the oppressed Arab public. But now it is practiced by the oppressors too.

There is no way for the rulers and ruled to escape from the practice of dissimulation save by a reduction of the fear that each has toward the other. There is no possibility of reducing the fear save by elimination of the fortresses or by opening their gates, so that the rulers come out from time to time to live like ordinary citizens among the general public and some of the general public enter to become rulers in the administration of the people. This is democracy. This alone is guaranteed to remove the fear of the governors on the part of the governed and the fear of the governed on the part of the governors in every Arab country. This alone is guaranteed to eliminate the fear of Arab rulers of each other. The ruler who wins popular trust need not be fearful of an open declaration of this to the other rulers. It is possible for this ruler to negotiate without fear or to fight without pressure or to do either without trembling in the face of the enemy, fearful of the grim bothers.

12780

CSO: 4504/481

MOROCCO

## TRADE DEFICIT UP 50 PERCENT DURING 1984

Casablanca RISALAT AL-UMMAH in Arabic 19 Jun 85 p 5

[Article by Idrisi Janati al-Chali: "Moroccan Trade Deficit Increases 50 Percent During 1984"]

[Text] The Moroccan General Economic Confederation has published a report containing the preliminary results of national economic activity for 1984. In light of the results and general economic indicators, as well as regional developments, today we present Part II pertaining to foreign trade and the balance of payments.

After the report showed that the general budget deficit had dropped from 8.8 percent in 1983 to 6.7 percent of gross domestic product in 1984, in spite of the increase in obligated expenditures, especially in the field of management, it indicated that this improvement, obtained on the general financial level, has not been supported by an improvement in the balance of payments, since the trade deficit came to 15.286 billion dirhams, as opposed to 10.867 billion dirhams in 1983 and 13.55 billion dirhams in 1982.

This deterioration in the trade deficit is due to the growth in the value of imports at 34.4 percent and exports at 29.8 percent.

### Important Increase in Average Value per Ton Imported

The development of imports registered an increase estimated at 34.4 percent from the standpoint of value and 14 percent from the standpoint of quality, a situation which resulted in an important increase in the average value per ton imported. It went from 2,397 dirhams in 1983 to 2,826 dirhams in 1984, an increase of 17.9 percent.

The rise in imports has encompassed all groups of manufactured goods: Foodstuffs, which represent approximately 17 percent of the imports, increased 53.2 percent from the standpoint of value. Wheat purchases increased in value as well, in that 2.4 million tons were purchased, valued at 3.324 billion dirhams, as opposed to 1.7 million tons in 1983, valued at 1.834 billion dirhams.



Energy commodity imports, which represent approximately 25 percent of our foreign purchases, have risen only 6.4 percent from the standpoint of volume while the increase in value reached 27.9 percent. Thus, 4.976 billion tons were purchased in 1984 with a value of 8.992 billion dirhams, as opposed to 4.662 billion tons with a value of 7.029 billion dirhams in 1983.

Equipment buying saw an increase estimated at 33 percent. Compensating for this was the reduction noted in 1983 in comparison with 1982. This situation has claimed expenditures estimated at 6.455 billion dirhams as opposed to 4.755 billion dirhams in the past year.

Importation of semi-manufactured goods has reached a value of 6.494 billion, an increase of 31.7 percent in comparison with 1983.

The rate of price increase for raw materials reached 41.5 percent, in that it went from 3.207 billion dirhams to 4.541 billion dirhams. The source of this increase is particularly attributable to vegetable oils, lumber and sulphur.

#### Noticeable Development of Exports

Quantities exported increased by 6.5 percent in comparison with 1.1 percent in 1983. The revenues obtained also increased by 29.8 percent as opposed to 18.4 percent.

The Moroccan Phosphates Office [OCP] achieved better results, since the volume of export transactions reached 8.895 billion dirhams as opposed to 6.379 billion dirhams in 1983, a clear increase of 39.4 percent. This resulted primarily from the growth in sales of sulphuric acid at 65.2 percent with the volume of transactions estimated at 3.516 billion dirhams, while revenues for natural phosphates reached about 4.619 billion dirhams.

However, sales of minerals other than phosphate only rose from 1.1 million tons to 1.26 million tons, achieving revenues estimated at 896 million dirhams as opposed to 681 million dirhams in 1983.

The total revenues derived from exports of ready made consumer goods increased 5.6 percent, textiles increased 35 percent, shoe sales 18 percent, shabab [fabric?] 27 percent, and spare parts for cars 56 percent.

#### Trade Deficit Deterioration Eased via Increase in Currency Exchange Abroad

Despite the encouraging results for exports, the important trade deficit is in addition to payment of interest on the foreign debt, leading to a weakening of the current account of the balance of payments. However, the increase registered in conversions of Moroccan currencies occurred due to the suddenness of this deterioration, since the increase registered in these conversions reached 16.6 percent, rising from 6.515 billion dirhams in 1983 to 7.600 billion dirhams.

The improvement of tourism revenues also participated in the relief from the decline registered in the balance of payments. Revenues of this sector experienced an expansion of 34 percent, shifting from 2.870 billion dirhams to 3.850 billion dirhams in 1984.

Thanks to the foreign assistance manifested in non-native capital which it was possible to recruit, International Monetary Fund loans, and postponement of payment of certain debts, the balance of payments was able to achieve some improvement.

#### Rate of Inflation Doubles Compared to 1983

Finally, the publication of the National Economic Confederation noted that, in spite of the support civil authorities applied to the prices of basic commodities, the rate of inflation that was attained because of the rise in the average index numbers for the standard of living reached 12.5 percent in 1984, compared to 6.2 percent in 1983 and 10.5 percent in 1982. This increase is primarily attributable to increased prices of agricultural products, petroleum products, and imported goods, as well as a drop in the exchange rate of the dirham.

9605

CSO: 4504/413

ISRAEL

DAVAR ADVOCATES UNILATERAL WITHDRAWAL FROM TERRITORIES

TA091425 Tel Aviv DAVAR in Hebrew 9 Sep 85 p 7

[Commentary by Yosi Melman: "A Unilateral Withdrawal"]

[Text] For 18 years now the West Bank and Gaza Strip areas have been like a bone stuck in Israel's throat. It is impossible to swallow, but it is likewise difficult to cough it up. Is it possible to find the sword which will sever this link between the State of Israel and the territories? It is with this question that the book of Shlomo Gazit, a former coordinator of government activities in the territories, ends. In my opinion, it is possible to find a solution to this puzzle, but it is a radical solution and a daring political decision by determined decisionmakers that is needed. A unilateral withdrawal by Israel from the territories may, in my opinion, give an appropriate answer.

Few people indeed foresaw what Israel was facing immediately after the 6-Day War. Prof Yesha'yahu Leibowitz, Pinhas Lavon [former defense minister], and Yitzhaq Ben-Aharon [former Histadrut secretary general] suggested that Israel announce its readiness to withdraw, its own initiative, from all the territories. However, in the atmosphere of euphoria and intoxication following the occupation their words went unheeded.

It is now vital to scrutinize this possibility anew. It is unnecessary to indulge in verbosity in condemnation of Israel's presence in Judaea, Samaria, and Gaza. All slogans about how destructive the occupation is for the soul of the nation are valid today perhaps more than ever before. It would suffice to mention here the scandal around the purchase of lands as an example of Israel's moral deterioration.

There are additional results from the occupation, of course. The seeds of Kahanist racism; the economic dependence on the United States; work morality of a nation of masters that makes the yoke heavy for the Arab drawers of water; the penetration of oriental influences and Ottoman norms of conduct--all of these are a clear product of control over another people. In other words, the fact of friction between the two, Arab and Jewish, communities is the one giving birth to the seeds of disaster.

Three solutions have, in fact, been raised in the course of Israel's rule in the territories: A. A territorial compromise with Jordan's King Husayn. Husayn rejected the idea time and again. He demanded the entire area, including Jerusalem, for himself. B. Annexing the territories to the State of Israel. This concept, expressed by the greater Israel people, is unacceptable to a large portion of the population in Israel for fear of its demographic implications and the perpetuation of the Israel-Palestinian conflict. C. The establishment of a Palestinian state--this concept too is far from enjoying a national consensus and meets with opposition both in the United States and in Jordan.

Hence, in the absence of a possible political solution, with the political sand clock running out, it is preferable to discuss anew the suggestion for a unilateral Israeli withdrawal from the territories. I do not mean to propose a panicked, unorganized, and rapid withdrawal, but rather to raise on the national agenda a suggestion which will outline a new security policy and will enable Israel to adopt a pragmatic and moderate approach. Such an approach will be welcomed by most of the countries of the international community, will win Israel the community's moral, political, and economic support, will remove the sting from the Arab countries' hostility, and most importantly, will win the Palestinians' sympathy for Israel.

A unilateral withdrawal of the Israeli Administration and most of its security forces will lessen the friction between us and the residents of the territories. If there is no massive Israeli presence in the large towns hostility will decline and the number of terrorist acts will decrease. In parallel with its readiness to effect a unilateral withdrawal Israel should declare a number of absolutely necessary conditions which will be sine qua non, like the "casus belli" which guided the Israeli policy until the 6-Day War:

- A. A total demilitarization of the evacuated area.
- B. Any entry into the region by a military force will serve Israel as a cause for war.
- C. In addition to uniting Jerusalem Israel will effect border modifications along the Green Line, as required by its security needs, but these modifications must be tiny so as not to be interpreted as a covert intention at annexation.
- D. Israel will man observation points along the mountain chains in Judaea and Samaria and will maintain forces along the Jordan River for a number of years.
- E. Israel will announce its intention to adopt all the measures it needs, such as the laying of an intelligence infrastructure and carrying out policy activities, in order to curb organizing attempts by terror networks.
- F. Any attempt to perpetrate terrorist acts against Israel or its residents, inside or outside Israel, will meet with an appropriate military, political, or economic reaction.

In parallel to announcing its withdrawal Israel will declare that except for meeting its security needs it does not intend to intervene in life in the territories. The residents themselves will be able, after Israel's withdrawal, to choose the regime they like and to shape their fate, whether they decide to set up self-administration (autonomy), federation with Jordan, confederation, or even a state of their own. This proposal combines the Allon plan, the autonomy conception a la Menahem Begin and Camp David, and the idea of functional compromise as preached by Moshe Dayan and Shim'on Peres, with one difference though. While the allon plan and the Camp David accords require a partner or a number of partners, a unilateral withdrawal needs no partner. It will allow Israel to have its political freedom of action, will leave the power of initiative in Israel's hands and will give a solution to its security needs.

The shapers of public opinion in Israel should recognize that an increasing number of Jews fear the Arabs and develop toward them hatred which originates in the vicious circle of occupation and presence, terror, counterterror and renewed terror. Instead of the solution of expelling the Arabs, which is difficult to implement, one can raise the proposal of withdrawal which will culminate in Israel's separating itself from the residents of the territories. This decision will allow a better distribution of the national resources, will decrease Israel's financial expenditures, and will allow the cultivation of a policy of economic growth and development.

CSO: 4400/7

ISRAEL

# POLL SHOWS KAKH STRENGTH FALLING

TA221440 Tel Aviv HA'ARETZ in Hebrew 22 Sep 85 p 3

[Text] The upward trend in the strength of Kahane's KAKH list has been curbed this month, and the number of people declaring that they will vote for it has decreased significantly. In contrast, a gradual increase is apparent in the number of people who claim that they will vote for the Likud and the Alignment. These findings emerge from an electoral poll conducted by the PORI Institute which was commissioned by HA'ARETZ.

Were elections to the Knesset held now, KAKH would win only 3.2 percent of the vote, compared to the 9 percent which declared in the previous poll (HA'ARETZ, 2 August 1985) that they would vote for KAKH.

The Likud would now win 24.3 percent of the vote compared to 31.9 percent it gained in the elections to the 11th Knesset. However, this is an increase compared to the 22.8 percent the Likud earned in the previous poll.

Of those people who voted for the Alignment in the 11th Knesset elections, 78.1 percent declared they would again vote for the Alignment. On the other hand, only 58.1 percent of Likud supporters said they would again vote for the Likud today. Of those people who voted for the Likud in the last elections, 14.8 percent said they "did not know" who they would vote for today, while 6.8 percent of those who voted for Alignment gave the same answer.

The number of abstainees stands this month at 22.9 percent; of these, 9.5 percent said they "did not know" who they would vote for were elections held today, while 13.4 percent refused to say who they would vote for.

Below are the results of the poll (in percentages) as compared to the results of the elections to the 11th Knesset:

[Election results shown on following page]



	<u>Poll</u>	<u>11th Knesset</u>	<u>Change</u>
Alignment	37.7	37.1	Plus 0.6
Leaning toward Alignment	5.7	5.0	Plus 0.7
Likud	24.3	31.9	Minus 7.6
Leaning toward Likud	9.8	5.2	Plus 4.6
Religious parties	8.7	9.9	Minus 1.2
Others	5.3	6.7	Minus 1.4

It can be seen from these results that the number of people supporting the Alignment or parties leaning toward the Alignment amounts to 42.4 percent; 33.1 percent support the Likud or those parties leaning toward the Likud. Thus, it can be seen that neither side could manage to set up a stable government on its own.

The poll was conducted on a representative sample of 1,200 Jewish men and women, 18 years of age or more, who are eligible to vote. The people were interviewed individually nationwide, in full confidentiality.

CSO: 4400/7

ISRAEL

POLL SHOWS INCREASED SUPPORT FOR KAKH, ALIGNMENT

TA131811 Tel Aviv YEDI'OT AHARONOT in Hebrew 13 Sep 85 p 1

[Dahaf Institute poll]

[Text] An additional seven seats for the Alignment (as opposed to the current situation in the Knesset); a loss of seven seats for the Likud; and an increase in the number of seats for KAKH, from one seat to seven; these are the prominent results emerging from a public opinion poll conducted from 4 to 9 September. The poll was commissioned by YEDI'OT AHARONOT, and conducted on a representative sample of 1,006 members of the adult Jewish population.

The question asked was: Were elections held today, how would you vote? The answers are given in numbers of seats (figures in parentheses indicate the situation in the Knesset at the moment):

Alignment:	47	(40)
Likud:	34	(41)
Tehiya:	8	(5)
KAKH:	7	(1)
SHAS:	4	(4)
Citizens Rights Movement:	4	(4)
HADASH:	4	(4)
Shinuy:	3	(3)
National Religious Party:	3	(4)
MAPAM:	2	(6)
Progressive List for Peace:	2	(2)
Agudat Yisra'el:	1	(2)
Morasha	1	(2)

It should be noted that in a previous poll conducted against the background of the incidents in 'Afula, KAKH gained 10 seats. The current poll was conducted against the background of the incidents in Hebron.

CSO: 4400/7

ISRAEL

BRIEFS

MODA'I INVITED TO JAPAN--The Japanese finance minister has invited his Israeli counterpart, Yitzhaq Moda'i, to visit Japan to bolster bilateral trade ties. Moda'i will visit Japan in early October, around the time of his visit to Seoul, the capital of South Korea, where the IMF is expected to hold its deliberations. [Text] [Tel Aviv HA'ARETZ in Hebrew 19 Sep 85 p 5]

EGYPT FILES COMPLAINT--After a period of quiet along the Tabah coast, the Egyptian authorities yesterday filed a complaint against an Israeli yacht and its sailor, 'Amn Levi. Yesterday the "Andromeda" yacht entered Egyptian territorial waters in order to rescue a windsurfer that had been swept there by the wind. The yacht came as close as 100 meters from the Egyptian coast, thereby contravening the agreements between Israel and Egypt. [Excerpt] [Tel Aviv HA'ARETZ in Hebrew 20 Sep 85 p 3]

GOLAN DRUZE DENIED CITIZENSHIP--"Due to the blunders of the government, both that led by the Likud and the present Alignment-led one, the Golan Heights Druze cannot possess Israeli citizenship. Everyone, including Israel's sympathizers, gave up his Israeli citizenship due to heavy pressures on them by Syria's sympathizers on the Golan Heights, while the Israeli Government has done nothing to stop these pressures." This was stated yesterday by Yusuf Nasir al-Din, the head of the Zionist Druze circles in Israel, in a news conference in Haifa on the 10th anniversary of the foundation of these circles. In the news conference in which Arye Tzimuqi, the head of the Zionist Council in Israel, also participated, Nasir al-Din said he today knows of no Golan Heights Druze with Israeli citizenship. [Excerpt] [Tel Aviv YEDI'OT AHARONOT in Hebrew 23 Sep 85 p 7]

CSO: 4400/7

OMAN

BRIEFS

OUTGOING ENVOY TO TUNISIA--Tunisian Prime Minister Mohamed Mzali today received Muhammed ibn Sa'id al-Marghum at the conclusion of his term of office as Omani ambassador to Tunisia. [Summary] [Muscat Domestic Service in Arabic 1300 GMT 19 Sep 85 GF]

CSO: 4400/8

PALESTINIAN AFFAIRS

SECRETARY GENERAL OF ARAB LIBERATION FRONT INTERVIEWED

Riyadh AL-YAMAMAH in Arabic 3 Jul 85 pp 42-43

[Interview with 'Abd-al-Rahim Ahmad, secretary general of the Arab Liberation Front; in Amman, date not specified]

[Text] 'Abd-al-Rahim Ahmad is the secretary general of the Palestinian Arab Liberation Front and a member of the executive committee of the PLO. He is one of the Palestinian leaders who supported independent Palestinian decision making and the legitimate leadership, and he took part in bringing about the convening of the Palestine National Council, which met recently in Amman. He is a member of the National Unity Committee, which plays an important role in encouraging a dialogue with the various Palestinian resistance groups in order to strengthen national unity in the Palestinian arena. He is also one of the names that has been threatened with assassination by the dissidents because of his support of the legitimate Palestinian leadership and independent decision making.

Proposed Solutions

[Question] At the start of the interview I asked: Are there solutions proposed for solving the problem now?

[Answer] There is no solution put forward now, but any solution must be taken under consideration. There are a number of questions, one of which is Arab support in the sense that the majority of Arabs constitutes an Arab opinion with respect to the subject of land, international legitimacy and the question of relations with Jordan, on the basis of crystalizing a common position for action that enjoys Arab support. After that we then move on to presenting the subject in the international arena by proposing a formula for an initiative whose framework would be an international conference in which the PLO would participate as the sole legitimate representative of the Palestinian people as an essential party to this conference.

About King Husayn's initiative based on Resolution 242, the Palestinian leader said:

When King Husayn proposed his initiative based on Resolution 242, he also spoke about the Palestinian people's right to self-determination. Resolution

242 itself does not deal with us as a people but as refugees. We demand the right to self determination for the Palestinian people and that the world deal with us as a people and not as refugees.

[Question] What is the foundation of your activity with Jordan?

[Answer] The foundation of this activity is to harmonize with the decisions of the Palestine National Council and to enjoy Arab support, as well as harmonizing with international legitimacy.

[Question] You are also demanding that certain Arab and European parties present a Palestinian initiative. What is your position on this demand?

[Answer] They are demanding a Palestinian initiative even though there are numerous initiatives that have been proposed before which the PLO has not been opposed to, including the initiative by the Fes summit, the Soviet initiative, and the Franco-Egyptian initiative, but Israel has been stubborn and rejects every initiative. This reflects Israel's position that rejects solutions for a true peace in the region.

[Question] It has been published recently that talks took place between the PLO and the United States. What is the truth of this matter?

[Answer] The truth is that some Arab brothers asked the PLO to initiate something, so the PLO put forward some questions. It seems that our brothers did not have the answers to these questions, so they were sent indirectly to the American administration, but no talks have taken place between the PLO and the American administration.

[Question] There is a committee for comprehensive national dialogue which has sprung from the Executive Committee. What is the role of this committee?

[Answer] The committee's goal is to open up a dialogue with national organizations and personalities that accept joint action with us on the basis of the Palestine National Council's resolutions taken at its latest session in Amman. In light of this dialogue, it will be decided to place these groups within the Palestinian fold. [With regard to] Whoever agrees to work on the basis of the PNC's resolutions and wishes to participate in the various PLO structures including the Executive Committee, the Executive Committee and the Council presidency have the authority to add a representative from those who agree to that. Anxious to maintain unity of Palestinian action, the Executive Committee has left vacancies in the Committee for this purpose.

[Question] Where do Palestinian-Soviet relations stand?

[Answer] A delegation from the Executive Committee recently made a successful visit to the Soviet Union. We are gaining an understanding of their position, and they are subsequently gaining an understanding of ours. There are arrangements between us for which joint preparations are being made.



[Question] It has been said lately that Shaykh 'Abd-al-Hamid al-Sayih, president of the Palestine National Council, will go to Syria to improve Palestinian-Syrian relations. What is the truth of that?

[Answer] Shaykh al-Sayih has been asked about what would happen if he were invited to visit Syria in order to achieve Palestinian national unity, and he answered that he was prepared to go to Syria or any other place to serve the revolution and the Palestinian cause.

#### Egypt and the Palestinians

[Question] What about Palestinian-Egyptian relations?

[Answer] There is a Palestinian consensus in the PLO, the Executive Committee and the Palestine National Council on the need for Egypt to return to play its historical role in the Arab world. A resolution by the latest Palestine National Council decreed that the PLO should begin Arab action aimed at working to remove the obstacles before Egypt's return, and there are actual signs among our Arab brothers pertaining to Egypt's return to Arab ranks.

'Abd-al-Halim Ahmad added that Egypt has taken important positive positions towards all national issues, including the Iraq-Iran war, the Israeli invasion of Lebanon and likewise the Palestinian cause. All that encouraged the PLO to intensify its contacts with Egypt, even though Palestinian contacts with Egypt had never been severed at any time. These were crowned by Abu 'Ammar's visit to Cairo, a visit which was a positive factor in improving relations between the Egyptian and Palestinian peoples.

The Palestinian leader pointed to the Palestinian role in the Islamic summit conference, a role which supported Egypt's return to the Islamic conference organization. That encouraged Arab states to take positive steps in their relations with Egypt. One of these was Jordan, which reestablished diplomatic relations with it.

He added: Egypt's return has been placed on the agenda of the next Arab summit conference--which has motivated some who oppose Egypt's returns to obstruct and impede the convening of the Arab summit--because it has become well known that the Arabs need Egypt and that its departure has caused many of the difficulties within Arab ranks. Now there is nothing that would prevent Abu 'Ammar from visiting Egypt again should there be an occasion for that, such as conferences in support of and in solidarity with the Palestinian cause and people.

'Abd-al-Rahim Ahmad added: Egypt's return would help to a great extent in rallying together the Arab house, which we believe is the first step on the road to Palestine. Then it would provide it with the element of strength.

If Egypt returns and the Iraq-Iran war ends, then Arab solidarity would come about inevitably, and the Arab voice will be heard then, since the Arabs will have the means of strength, and with that we will be able to be optimistic about the future, optimistic that the journey back to Palestine has actually begun.

PALESTINIAN AFFAIRS

RELATIONS BETWEEN PLO, SYRIA DISCUSSED

Riyadh AL-YAMAMAH in Arabic 28 Aug 85 pp 56-57

[Article by Mustafa al-Khumari]

[Text] Syrian-Palestinian relations may see positive developments in the upcoming weeks. Everything that is going on concerning this subject is taking place in absolute secrecy, and official circles in the PLO refuse to comment on rumors that are circulating, but they do not deny that they are anxious to normalize relations with the Syrian regime.

AL-YAMAMAH has been able to gather information from Palestinian and Arab sources that make it possible to portray a scenario of Syrian-Palestinian contacts in an attempt to discover the chances of their success or failure.

It would be appropriate first of all to point to the fact that the desire to improve Syrian-Palestinian relations dominates the Arab scene, since most Arab capitals are striving to bring the points of view of the two sides closer together in repeated attempts to open up a dialogue between Damascus and the PLO in order to avert conflicts between two Arab parties first of all, and also because Arab capitals are anxious to remove the greatest obstacle standing in the way of Arab unanimity on a fateful and important subject that might be considered the most important question in the Arab-Israeli conflict, that being of an internal Arab quarrel in order to present it once again to the world as a cause of the Arab nation, not as an issue that the Arab parties bicker over, since Arab credibility requires before all else an end to the vacillation and conflicts that wear down the Arab nation and squander its energies and divert it from its fundamental cause and its stolen rights, and that cannot happen unless internal differences are swallowed, including the Syrian-Palestinian conflict.

Secondly: Since the Palestine National Council met in Amman, it has been shown that the PLO leadership by Yasir 'Arafat enjoys the confidence of the Palestinian masses, and that the dissidents, who had been raising doubts about this leadership, had failed to sabotage the PNC session which thrust itself upon the Palestinian scene. Arab capitals had recognized legitimate Palestinian decision making, and they have opened their arms to Yasir 'Arafat and his colleagues and they continue to offer material and moral support to the PLO.

Thirdly: The war of the camps in Beirut also revealed the solidarity of the Palestinian groups whatever their tendencies and inclinations. The stance by the groups opposed to 'Arafat and dependent on Syria during the war of the camps gave an idea of how devoted the Palestinians are to the unity of their ranks, and that it would be impossible to use them to fight one another when the very existence and future of the Palestinian people is threatened.

Fourthly: A Syrian-Palestinian reconciliation is perhaps close as a result of intense and continuous efforts being made by influential Arab capitals. It might be mentioned that at the heart of these efforts is the important Saudi role based on the principle of increasing Arab solidarity and on the fact that there are no intrinsic differences among the Arabs, but that there are non-Arab circumstances and interference that strive to spread disunity within the Arab group in order to serve non-Arab goals and purposes.

The reputation that Saudi diplomacy enjoys from the Syrian and Palestinian sides, in addition to the support that both parties receive from the kingdom, both give greater clout to the role that it is playing to mend the rift between Damascus and the PLO. It is the same with Algeria, which by virtue of its position and its excellent relations with the two conflicting sides is trying to do what it can to end the conflict between them.

These given circumstances and other indications turn attention towards what is going on now, directly or indirectly, between Damascus and the PLO. Numerous signs indicate that there will soon be an announcement concerning positive results, and informed sources report that the first decision taken will embody an end to media campaigns and the exchange of accusations between Damascus and the PLO pending the outcome of current contacts which at the present time revolve essentially around a triangle composed of Moscow, Damascus and the PLO leadership.

Informed Palestinian sources say that efforts at reconciliation have made great strides, and that in exchange the PLO is being asked to publicly affirm the important and principal role that Syria, the confrontation state, plays on the diplomatic and military scene.

Even though the Palestinian-Jordanian initiative will have to stop and wait for the green light from the upcoming Arab summit, this initiative will not derail Syrian-Palestinian rapprochement; in fact the initiative may enable Damascus and the PLO to consult one another about it and to coordinate their positions.

There are those who insist that the price demanded by Damascus for Syrian-Palestinian reconciliation is a call for a new session of the Palestine National Council in which the Palestinian parties which had been excluded from the Amman session would participate.

And there are those who insist that the re-opening of channels between the PLO and Syria is in and of itself an important gain, and that the rest is a matter of discussion at the conference table according to the principle of Arab solidarity.

12547

CSO: 4404/450

22 October 1985

## PALESTINIAN AFFAIRS

## REPORT ON SALVATION FRONT DELEGATION'S TRIP TO TEHRAN

London AL-DUSTUR in Arabic 19 Aug 85 pp 8-9

[Article by Dr'Ali Nurizadeh]

[Text] "Despite our welcome of your visit to Iran, you will find some reservations with regard to our responsibilities towards you because of the activities against us by some of your comrades in the Salvation Front. So even if someone in Iran provokes you, don't be surprised."

This statement was made during the speech made by Hoseyn Sheykholeslam, foreign minister of Iran, while receiving the delegation from the Palestine Salvation Front that arrived in Iran on 4 August for an official visit that lasted 8 days.

The delegation was headed by Abu Musa, head of the group that broke away from Fatah, and has as members Ahmad Jibril, head of the Popular Front for the Liberation of Palestine (General Command), and Major Abu al-Hayja', one of the leaders of the al-Sa'iqah forces. It arrived in Tehran after Syria had convinced the Islamic Republic of the need to support those who broke away from Yasir 'Arafat at a time when the head of the Executive Committee of the PLO was participating in the summit conference in Casablanca.

In getting Tehran to receive the Palestinian delegation, Syria had encountered a difficult problem, in that Tehran informed its ally of its dissatisfaction with its previous cooperation with the leaders of the Salvation Front. Hojjat ol-Eslam Mohtashemi, the Iranian ambassador to Damascus, explained to Syrian officials how the Islamic Republic had offered several million dollars to Mr Abu Salih, who at that time (that is, when 'Arafat was being besieged in Tripoli by dissidents and Syrian forces) was the leader of the dissidents. Instead of returning the favor, Abu Salih took the money and began to vilify Ayatollah Khomeyni publicly and in private. The Iranian ambassador pointed to Abu Musa's sudden disappearance from the Palestinian scene and his appearance in Paris, where it came to the Iranian security apparatus that he had contacted some of the Iranian opposition groups in Paris.

Mahtashmi explained to the Syrian officials the reasons for Ayatollah Khomeyni's anger against those who bear the Palestinian label whether they are for 'Arafat or against him, because--the ambassador claimed--they bite the hand that feeds them!

Hojjat ol-Eslam Mohtashemi presented a report on visits and contacts between left-wing Iranian opposition organizations and a number of member organizations in the Palestine Salvation Front since this front was formed. The report also contained a collection of talks and speeches by leaders of the Salvation Front, including an important talk by Dr George Habash, and a long speech by Mr Nayif Hawatimah in which he described the Islamic Republic as a reactionary regime that was trying to destroy the present and return Iran to the third century. Dr George Habash's conversation with a group of educated Iranians who met with him in Algeria a few months ago was also full of attacks on Ayatollah Khomeyni, whom George Habash described as "a modern Don Quixote who wanted to fight the world with his wooden weapons."

One of the Syrian Foreign Ministry officials who met with the Iranian ambassador in Damascus and listened to his opinions concerning Damascus' request to send a Palestinian delegation to Tehran said in reply to Hojjat ol-Eslam Mohtashemi's explanations of Iran's position towards the Salvation Front: "The situation on the Palestinian scene is diverse at the moment, and Damascus does not intend to send a delegation to Tehran consisting of those who are not wanted in the ayatollahs' capital. But Tehran's reception of those whom Damascus considers to be true enemies of 'Arafat who are not friends of Habash or Hawatimah might give them importance on the Arab and international scenes."

According to reports coming out of Tehran, Syrian President Hafiz al-Asad sent a private letter to Hojjat ol-Eslam Khamene'i, his Iranian counterpart, in which he asked him to intervene personally with Ayatollah Khomeyni to accept a visit by a Palestinian delegation from the Salvation Front to Tehran. Word of Tehran's agreeing to receive the Palestinian delegation reached Damascus on 2 August 1985, just 2 days before the delegation arrived in Tehran.

The members of the Palestinian delegation visited the Islamic Republic's embassy in Damascus, where Iranian Ambassador Hojjat ol-Eslam Mohtashemi informed them that Tehran expected them to announce openly upon their arrival in Tehran their adoption of the following points:

1. Condemnation of Iraq, an attack on Iraqi President Saddam Husayn, and an announcement of the Salvation Front's participation in Iran's resolution in striving to bring down the government in Iraq.
2. An announcement of the Front's support for what is called "The Supreme Council of the Islamic Revolution in Iraq."
3. An announcement concerning joining the Supreme Council of the Islamic Revolution and the supreme committee of liberation movements in the world, which is the committee which was formed by Tehran with the goal of exporting the revolution to the Gulf states, Egypt, Morocco, Algeria and the Sudan.
4. Praise for Ayatollah Khomeyni as a leader of the Muslims and a leader of the Islamic revolution in the region, considering that he is the sole leader who will liberate Jerusalem!

5. Signing a joint agreement with representatives of extremist Islamic groups in Lebanon who will announce the formation of a front to liberate the oppressed shortly. The Salvation Front must join this front if it wants support from Tehran.

When the Boeing airplane belonging to Syrian airlines arrived in Tehran carrying the Palestinian delegation, Mr Hoseyn Sheykholeslam, deputy foreign minister of Iran, was at the head of the Iranians receiving the delegation. The Iranian government had purposely sent Sheykholeslam to the Mehrabad airport for two reasons:

First: Sheykholeslam is the only one of the Iranian officials who has ties with the al-Sa'iqah organization, since he spent 2 years of his life in the ranks of al-Sa'iqah, from June 1973 to September 1975, when he was a member of the Marxist Tufan organization. The organization had sent him to Syria and Lebanon for arms training in the Palestinian camps.

Secondly: Because of his relations with the Palestinians, the Iranian government saw Sheykholeslam as the intermediary who would be able to inform the Palestinians frankly of what Tehran wanted, and to listen to the Palestinian's requests and convey these requests to his government.

Among the things attracting attention during the reception of the Palestinian delegation was the presence of the Libyan charge d'affaires and the Syrian ambassador to Iran in addition to Husayn Sheykholeslam, and the absence of the PLO representative.

According to informed circles in Tehran, the PLO representative had ignored the invitation that had been sent to him by the Iranian Foreign Ministry to go to Mehrabad airport to receive the Palestinian delegation.

The first thing that reached the ears of the Palestinian delegation in Tehran was Sheykholeslam's whispering apprising them of the atmosphere charged with hostility towards the Palestinians, and he said that they must not be surprised by the coldness of some of the ayatollahs towards them.

In the airport lobby, Sheykholeslam asked Abu Musa, the leader of the delegation, to announce what he had pledged in Damascus. But Abu Musa convinced him that they had some questions that had to be clarified, such as the question of joining the front or signing on unity with some party, and that the Palestine Salvation Front believes that it cannot join with any front without Syria's approval, and Tehran must consult with its ally Damascus before it presents such a thing to the Salvation Front. However, the delegation would not be opposed to some of Tehran's demands, foremost of which are "condemnation" of Iraq and support of the Islamic Republic in its war against Iraq. After some smalltalk between Sheykholeslam and Abu Musa, they all went to the Independence Hotel, which had been reserved for the Palestinian delegation. Iran Radio conducted interviews with the members of the delegation, who proclaimed their support of Tehran in the war.



Ahmad Jibril praised Ayatollah Khomeyni and described him as the liberator of Jerusalem and the "modern Salah-al-Din!"

In his description of the Iranian leader, Abu Musa said, "Imam Khomeyni is the only hope that the Palestinians have for getting back their country, and God willing, we will pray, led by him, in al-Aqsa Mosque." Abu Musa does not remember that these same words were said by Abu 'Ammar when he paid a visit to Tehran 5 days after the fall of the shah, and that Khomeyni had forgotten 'Arafat's words, and had gone so far in his enmity to Abu 'Ammar that he sent a special group to Beirut in 1982 to liquidate him.

During the Palestinian delegation's talks in Tehran, it met with Ayatollah Montazeri, 'Ali Khamene'i and Hashemi-Rafsanjani. They also visited the Glorious Paradise Cemetery and the fountain of blood there. The Palestinian delegation were taken to visit a "model" camp where suicide groups are trained. In fact, last Thursday the delegation paid a visit to a "model" camp, where they met with several representatives of extremist Lebanese organizations and militias. There was a meeting between the Palestinian delegation and these representatives, in addition to a number of cadres and leaders of the al-Da'wah party and what are called the fronts for the liberation of Kuwait, Bahrain, Saudi Arabia and Qatar!

At the end of the meeting, Abu Musa announced that he was totally on the side of those who wished to bring down the Gulf regimes and set up Khomeyni's regime in that region.

What happened after that? There was a visit to the Foundation of the Oppressed, a meeting with a number of officials, attendance at the Friday prayers, and then the Palestinian delegation left Tehran with a check in the amount of \$5 million which Tehran had given to Abu Musa and Ahmad Jibril. As for Abu al-Hayja', al-Sa-iqah's representative, he did not get a share, because in spite of the fact that he attacked Iraq during his radio interview with Tehran Radio, he fell somewhat short in talking about Khomeyni's greatness and his role in liberating Jerusalem, and he said that Syria would be the one that would put an end to Israel!

12547

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22 October 1985

## PALESTINIAN AFFAIRS

## BRIEFS

SAUDI PAYMENT TO PLO--A member of the Central Committee and its representative in Riyadh, Rafiq Shakir al-Natshah, announced that he had received a check for the PLO in the amount of \$28.5 million, which is the Kingdom's share in support of the PLO and in support of the steadfastness of the Palestinian people in the occupied territory. Mr al-Natshah expressed his gratitude and appreciation to His Majesty King Fahd ibn 'Abd-al-'Aziz for the constant and continuous support given by the king, the government, and the people of Saudi Arabia to the Palestinian cause. Mr al-Natshah stressed that the Palestinian people would not forget these noble stances taken by Saudi Arabia. [Text]  
[Riyadh AL-YAMAMAH in Arabic 17 Jul 85 p 23] 12547

CSO: 4404/450

OMAN PLANNING TO BUILD 2D OIL REFINERY

GF191116 Dubayy KHALEEL TIMES in English 19 Sep 85 p 1

[Text] Muscat--Oman is planning to build a second petroleum refinery as part of its third plan commencing next year.

Preliminary studies for the project have been completed and a full-fledged feasibility study is to commence shortly. The refinery is expected to have a daily refinery capacity of between 80,000 and 100,000 barrels of crude.

According to sources at the Petroleum and Minerals Ministry, the site for the second refinery is yet to be finalised, but it would help to meet the rising domestic needs of petrol diesel, kerosene and other refined products.

Indications are that the project would be financed by the AGCC states. Last week, a joint committee of the AGCC petroleum ministries held in-depth discussions on the subject here before giving the go-ahead for the feasibility study.

The committee, set up last year to expedite ventures for AGCC investment in Oman, also discussed the possibility of setting up a gas-based fertiliser plant and, boosting the gas grid. New gas lines and booster stations are envisaged, even as the looping process of the existing 20-inch-diameter line with a 36-inch one is proceeding as scheduled.

Meanwhile, banking industry sources here are happy at the forthcoming syndication, for financing the expansion of Oman Refinery Company's facility at Mina al-Fahal, from 50,000 to 80,000 bpd.

All but two of the Omani banks are understood to have given their consent to take part in the \$20 million syndication, being lead-managed by Oman International Bank (OIB) and National Bank of Oman (NBO), who between themselves are believed to be pooling in at least \$8 million.

The Mina al-Fahal refinery, built in 1982 by Mitsui of Japan on a turnkey basis as per Shell's design, has had its capacity recently stepped up by 25 percent, to 50,000 bpd.

The projected expansion, to 80,000 bpd, is to be accomplished by effecting necessary modifications to the existing facility. It is understood that the Japanese company would be in charge of the modifications, too.

CSO: 4400/8

UNITED ARAB EMIRATES

BRIEFS

INFILTRATORS ARRESTED--A UAE Border and Coast Guard Patrol captured an Iranian ferry carrying 15 infiltrators in Umm al-Quwayn. [Summary] [Al-Shariqah AL-KHALIJ in Arabic 16 Sep 85 p 1 GF]

AMBASSADOR TO JAPAN--Tokyo, 19 Sep (WAKH)--Muhammad Darwish ibn Karam presented his credentials today as the new UAE ambassador to Japan to Japanese Emperor Hirohito. [Excerpt] [Manama WAKH in Arabic 0740 GMT 19 Sep 85 GF]

ABU DHABI OIL PRODUCTION--Abu Dhabi, 23 Sep (WAKH)--The 1984 annual report issued by Abu Dhabi National Oil Company indicates that Abu Dhabi oil production reached 746,000 BPD last year compared to 748,000 BPD the year before. The report adds that production of natural gas rose in 1984 reaching 1.058 billion cubic feet compared to 926 million cubic feet in 1983. [Excerpts] [Manama WAKH in Arabic 0850 GMT 23 Sep 85 GF]

CSO: 4400/8

YEMEN ARAB REPUBLIC

STUDY DETAILS AGRICULTURAL SITUATION, DEVELOPMENT PROGRAM

Sanaa AL-THAWRAH in Arabic 22, 29 Jul, 5, 12, 19, 26 Aug, 2 Sep 85

[Article: "Agricultural Marketing in the Yemen Arab Republic: An Action Program To Raise Marketing Capability"]

[22 Jul 85 p 10]

[Text] Introduction

1. The agricultural sector is considered one of the most important ones in the Yemen Arab Republic and the backbone of our economy, in terms of the volume of labor and the productivity contributing to national product.
2. As regards labor, the agricultural sector in Yemen employs more than 70 percent of the total workforce. It also contributed a share of more than 28 percent of total domestic product in 1981, the first year of the second 5-year plan. It is anticipated that its contribution at the end of the plan will come to about 25 percent of total national product, that is, that no great change will occur in the republic's economic structure and agriculture will remain the most important of sectors, in spite of the low rate of growth in this sector, which has not kept abreast of the growth rates in the others. This sector has experienced a perceptible decline in regard to areas under cultivation, since at the beginning of the eighties these areas dropped to 75 percent of their level at the start of the seventies, as a result of which a decline in the republic's output, especially of grain, occurred. While production had been covering more than 90 percent of consumer requirements, it came to contribute less than 70 percent of them.
3. This decline may be attributed to a number of factors, among the most important of which were, one, the continued reliance on rainwater as a source of irrigation, though other sources were available, two, the severe increase in the costs of the factors of production, among the most important of which were laborers' wages, which came to constitute a large burden on the productive process caused by the excessive migration of manpower abroad or to work in other sectors, three, the drop in the size of agricultural holdings and their continuous fragmentation, and four, the meager attention to the difficulties faced by the productive and marketing process alike.

4. In the past, Yemeni agriculture was characterized by a traditional quality of life, since farmers produced crops for their own consumption purposes and the proportion of products which entered the markets was very low; this happened only when the farmers were compelled to sell part of the crop out of a need for cash to buy commodities which they were not able to produce themselves. However, in recent years, the importance of agricultural marketing became prominent when various agricultural products started to enter the markets in rural areas and towns in an increasing, constant manner, especially in the case of fruit and vegetables, to respond to the increase in demand for agricultural products as a result of the population growth, the rise in incomes and the increase in urbanization.

5. Because the infrastructure of the agricultural marketing system was not fully developed, especially since the expansive nature of the country's geography required the movement of agricultural commodities from their remote production sites to scattered local and central ones although the necessary investments had not been made in the areas of storage, packaging, processing and other basic marketing services, some marketing bottlenecks arose, marketing capability in many agricultural commodities, especially fruit and vegetables, declined and the need for a thorough study of agricultural marketing in the Yemen Arab Republic, with the objective of arriving at an action program to raise marketing competence, became prominent.

6. This research work has the goal, first of all, of studying the current status of agricultural marketing in the republic, in particular analyzing supply and demand for agricultural products in order to estimate the magnitude of the gap between them, ascertaining the organizations active in agricultural marketing, studying their various functions, making a summary review of the most important markets, studying channels, roads, services, peripheral areas and marketing capability, and reviewing the most important problems and obstacles facing agricultural marketing. Secondly, on the basis of the study of the current status, the study will recommend an action program to raise agricultural product marketing capability in the Yemen Arab Republic.

#### First, An Analysis of the Supply and Demand for Major Agricultural Products

##### Grain consumption:

7. Grain, Syrian corn, fine corn, millet and barley are considered among the most important food grains on which the great majority of the inhabitants rely for their daily food.

8. The total volume of grain produced locally in 1982 came to about 760,000 tons, while grain consumption capacity was recorded at about [1.]23 million tons. The deficit was met from international markets, since the volume of grain imports in 1982 was recorded at about 470,000 tons. That is, the proportion of imports came to about 40 percent of total grain consumption capacity, and expectations indicate that the inability of local production to meet consumption requirements will continue for long periods. It is worth pointing out that wheat is considered one of the most important of grain imports, since the proportion of the volume of wheat imported to the total of other imported grains comes to about 95 percent.

9. Among the most important elements which have led to an increase in wheat imports from year to year are the following:

The migration of Yemeni manpower, especially rural manpower, in increasing numbers to oil countries or to urban areas in the search for high wages, which has led to the diminution in the area farmed in general, and the marginal area in particular.

The increase experienced by national and per capita incomes in the Arab Republic of Yemen as of the mid-seventies; the basic source of this has been cash remittances from migrant workers, which has led to an increase in average per capita wheat consumption at the expense of other grain products.

In addition to that, there is the constant increase in the population [growth] rate, which comes to about 2.8 percent.

#### Consumption of Fruit and Vegetable Crops

##### Vegetables:

10. Local vegetable production is considered the basic source for meeting the requirements of the population of the Yemen Arab Republic. Vegetable imports, whether fresh or frozen, represent only a minor share, not exceeding 2 percent. Alongside that, there are imports of certain types of canned vegetables, the most important of which by far is considered to be tomato juice.

11. Table One shows average vegetable production and consumption in the Yemen Arab Republic for the period 1980-83; from this it is apparent that the total food consumption of vegetables totals about 441,000 tons. Close to a third of that amount comes from the consumption of potatoes, while the other vegetables help cover the remainder.

##### Fruit crops:

12. Starting in 1983, local fruit production became the basic source for meeting national fruit consumption, after the government had issued a decree prohibiting the importation of fresh fruit at the end of 1982, for many considerations, most important of which were:

The severe drop in cash remittances coming from abroad, which was reflected in the presence of a deficit in the balance of current activities totalling about 3,183,000,000 Yemeni riyals in 1982.

The encouragement of farmers to expand fruit production, of which natural and climatic circumstances permit much to be produced locally; since the presence of imported fruit at low prices was one of the factors which led to the lack of interest among farmers to care for fruit trees. On that basis, the per capital share of fruit consumption in 1983 dropped to about 20 kilograms a year, whereas during the period 1979-1982 it had gone to about 33 kilograms per year.

Table One: The production and consumption of vegetables in the Yemen Arab Republic (average, 1980-83 period)

Resident population: 7,357,000.

Volume in thousands of tons: see Table One.

Crop	Production	Foreign Trade		Total Available Locally	Average Per Capita Uses		Food	Kilo-grams per Year	Grams per Day
		Imports	Exports		Seeds (1)	Loss (2)			
Potatoes	145.7	--	--	145.7	11.7	14.5	119.5	16.6	44.6
Other types of vegetables	295.9	--	--	295.9	--	29.5	266.4	36.2	99.1
Total Vegetables	441.6	--	--	441.6	11.7	44	385.9	52.8	143.7

-- Means minor quantities, less than 100 tons.

1. Rate of seeds for potatoes, 1 ton per hectare.

2. 10 percent, by FAO estimates.

Source: These were compiled and calculated on the basis of Ministry of Agriculture and Fish Resources data.

13. Grapes and dates represent the most important locally produced fruit, since they contributed close to 35 percent of the volume of fruit consumed in 1982, while the remaining types of fruit contributed the remaining share, as the data in Table Two shows.

#### Factors Influencing Local Fruit and Vegetable Demand

14. These constitute:

The growth in average per capita income from gross domestic product, which increased from 686 riyals in 1975-76 to 948 riyals in 1982, that is, about 4.1 percent per year on the average.

The population growth, which comes to about 2.8 percent, a relatively large rate.

Improvement in the educational and cultural level, since the inhabitants of towns consume much fruit and vegetables in comparison with the inhabitants of rural areas.



Table Two: Fruit Production and Consumption in the Yemen Arab Republic: Average, 1979-1982 Period

Quantities in Thousands of Tons

Crop	Production (Thousand Tons)	Foreign Trade		Total Available Locally	Average Per Capita Uses				
		Imports (1)	Exports		Seeds	Loss (2)	Food	Kilo- grams per Year	Grams per Day
Grapes	63	1	--	64	--	6.4	57.6	8.15	22.33
Dates	6.3	6	--	12.3	--	1.3	11	1.5	4
Other Types of Fruit	80.7	100	--	180.7	--	18.7	162.63	22.8	62.4

1. Calculated on the basis of data bearing on fresh fruit imports, consisting of oranges, bananas, apples, tangerines and lemons, for the period 1979-82.

2. Calculated in accordance with Food and Agricultural Organization estimates on a basis of vegetable and fruit loss estimated at about 10 percent.

Yemeni food habits concentrate on meals, which consist of meat, bread, milk and some leaf vegetables. That is, vegetables included in meals are considered to be limited.

The consumption of qat by Yemeni individuals affects the distribution of consumer spending, since it dominates a large portion of this spending. In addition, qat consumption is related to certain patterns of consumption of which fruit and vegetables rarely constitute an important part.

#### Production and Consumption of Livestock Products

15. Through statistics that have been issued by the agricultural statistics project for 1983, it is clear that the number of cattle totalled 924,000 head, sheep and goats 3,903,000 head, commercial chickens numbered 2,800,000 and camels came to 58,000 head, that the volume of meat and other animal product production up to 1982 came to 20,943 tons of red meat, 14,000 tons of white meat and 17,300 tons of fish, and that the volume of milk produced came to 95,075 tons and the number of eggs to 122.3 million.

16. It is to be noted that the volume of production of livestock products is not commensurate with the increase in population, in addition to the rise in the rates of per capita income, which in turn has led to a rise in the per capita standard of living and increased demand for livestock products, particularly meat, milk and milk products. As a result of the inability of the quantities of these products supplied to cover the actual need of the market, the gap between the commodities which are supplied and the commodities

in demand is met by imports of livestock products, whether live animals, represented by cattle and sheep, or fresh meat, red or white, and also imports of dairy products, vegetable oils, fats and eggs.

17. The demand for livestock products is still constantly rising and has not been accompanied by a development in the increase of local production, because of the backward nature of methods for producing these products. We find that the volume of livestock resources is decreasing annually, because of the failure to use modern scientific methods, as well as domestic capital's inability to enter into actual production because of the paucity of expertise and an aversion to the possibility of loss, except in the poultry industry, which has started to become widespread recently, because the capital cycle realizes an attractive payout, which has encouraged investors to go more extensively into poultry projects. It is also to be observed that a decline has occurred in livestock production because of internal migration to large towns and emigration. Also, opening the door to livestock imports without setting out health and veterinary rules has led to the transmission of some animal diseases, which have resulted in the elimination of large quantities of livestock resources. It is worth pointing out that the slaughter of female livestock, especially cows, has led in turn to a drop in production.

18. The increase in demand for livestock products at a rate higher than that of the increase in supplies of these products has led to a severe rise in their prices.

19. Table Three shows the volume of livestock production for the second 5-year plan years (1981-86).

Table Three: Volume of Livestock Production for the Second 5-Year Plan Years

Type	Unit	Production During the Plan Years					
		1981	1982	1983	1984	1985	1986
Milk	Ton	95,000	104,973	110,792	116,538	123,342	129,708
Red meat	Ton	20,432	21,560	22,632	23,558	23,965	25,250
White meat	Ton	7,171	10,500	11,280	13,970	15,660	15,73[0]
Table eggs	Million	122.4	161.5	165.7	199.4	188.4	191.1
Incubating eggs	Million	6.1	8.0	8.3	8.5	8	9.7

Source: Ministry of Agriculture, Role of Livestock Resources in Economic Development.

From the table, it is to be observed that the average volume of production of livestock products is not commensurate with the population's requirements, that the average per capita share of red and white meat produced

locally came to 5 kilograms a year in 1983, that is, a rate of 14 grams a day, that the average per capital share of milk produced locally came to 12 liters a year, or a liter a month, and that the average per capita share of eggs produced locally came to 14 a year, that is, a rate of one egg a month. From these figures, we see that these provide only a minor portion of the individual's basic food requirements, which has led to a vast difference between the per capita share and people's animal protein requirements.

20. As regards the extent to which there are estimates on the volume of total production by family and the volume of the production of these products which is actually marketed, these are almost nonexistent at present. However, through observation, we find that farmers are concerned with raising livestock for the purpose of using it and its products for their own food, and they market the surplus during certain seasons. For example, we find that sheep growers are the producers closest to market, since sheep are raised for the purpose of marketing, but the number of cattle growers is usually small, and the purpose in raising them is to use cattle products and have them help carry out certain farm activities such as plowing. In addition, calves are marketed, especially if they are males, for the purposes of slaughter in the local markets.

21. With respect to poultry and fish, production is basically for the purpose of marketing, and family consumption covers a modest percentage of production, especially following the expansion in chicken farms and the increase in the quantity of fish marketed in recent years.

22. Table Four shows expectations of a constant increase in livestock products and estimated demand up to 2000.

Table Four

Commodity	Unit	1986		1990		2000	
		Production	Demand	Production	Demand	Production	Demand
White Meat	Ton	40,730	82,244	71,232	90,804	120,000	132,357
Red Meat	Ton	25,250	30,138	30,691	36,156	41,990	57,849
Milk	Ton	129,708	217,000	170,000	242,000	276,912	330,000
Eggs	Million	191,000	242,880	279,790	291,456	457,600	466,330
Fish	Ton	26,000	25,000	28,000	27,000	37,000	36,000

Source: Ministry of Agriculture, General Livestock Resources Department. It is apparent from the table that with the exception of fish there is a gap between anticipated production quantities and the volume of anticipated demand, which will lead to increased imports of these commodities.

## Volumes of Agricultural Production Marketed

23. Table Five shows the ratio of commodities which are being marketed through marketing channels to total domestic production during the period from the mid-seventies to the early eighties, and the quantities that are expected to be marketed in 1986. From this table, we can deduce the following:

Table Five: Ratio of Agricultural Production Marketed through Marketing Channels in the Yemen Arab Republic

Commodity	1976-77 Percent	1980-81 Percent	1986 Percent
Fine corn	15	10-15	10-15
Millet	5-10	5-10	5-10
Wheat	5-10	5	5
Syrian corn	70	75	80
Legumes	50	60	70
Potatoes	70	85	85
Other vegetables	65	75	85
Grapes	85	90	95
Dates	80	80	80
Other fruit	50	60	70
Cotton	75	85	75
Coffee	90	85	75
Cattle and sheep	45	50	55
Eggs	15	20	40
Chicken	50	60	80
Milk	7	2	5
Fish	50	70	95

Source: The Federation of American Universities, project to support the Ministry of Agriculture, Arab Republic of Yemen, June 1984, symposium on "the pursuit of postharvest fruit and vegetable operations."

Most agricultural production of grain (especially fine corn, wheat and millet), as well as milk production, is kept on farms for consumption by farmers and their families and only what is surplus to their needs is traded on the market. In general, these proportions vary from region to region, since they are lower in the areas of minor production in the case of the commodities marketed. They also differ from year to year according to the volume of local production.

Since vegetable and fruit crops are characterized by rapid wastage, a large part of these is marketed, especially since there are no suitable means for preserving the products.

The percentage of cash crops marketed, especially cotton and milk, is high.

[29 Jul 85 p 10]

[Text] Second: Organizations Operating in Agricultural Product Marketing

24. We will herewith review the most important organizations operating in agricultural marketing, while providing a summary of their role in this area.

1. The Ministry of Agriculture and Fish Resources:

25. Proceeding from the premise of the importance of agricultural marketing, the ministry has established a general agricultural marketing department and an agricultural census project to take charge of all tasks, activities and pursuits necessary to develop agricultural marketing and its methods, as follows:

The General Agricultural Marketing Department:

The department, as is shown in its organizational chart, is made up of three departments, which are:

1. The marketing development department.
2. The marketing services department.
3. The standards and measures department.

26. The department was established in 1981 to perform the marketing tasks and duties assigned to it, which one can summarize as follows:

Performing studies and research related to the development of all aspects of the marketing process for the domestic and foreign market and encouraging and developing Yemeni exports to other markets.

Preparing specifications and standards and packaging for Yemeni agricultural products in order to raise production to a quality level which will satisfy the tastes of consumers domestically and abroad and will be in keeping with their demands.

Improving and developing marketing techniques related to harvesting, packaging, transportation, storage and sale through actual practice, performing applied guidance observations, opening marketing centers in all towns and communities and erecting refrigerated warehouses.

Participating in the establishment of organized modern wholesale markets and seeking to reorganize and develop those existing now.

Collecting and preparing marketing information, data and statistics related to the quantities of commodities entering the wholesale markets and their types and prices, as well as statistics on the imports and exports of these products, and providing this information to the bodies concerned so that they may make use of them in carrying out and drawing up their policies and programs.

Preparing training and guidance programs in the area of agricultural marketing by holding symposia, courses and observations.

However, the department is still suffering from the problems of a shortage in sufficient technical personnel able to carry out the tasks and duties cast upon its shoulders.

The agricultural census project:

27. This project is related to the marketing process through the collection of certain information related to the prices of agricultural products, in addition to data on production. However, it has suffered from a lack of much important marketing data and statistics related to quantities coming into the markets and quantities exported or imported. The project also suffers from a shortage in the technical personnel to perform its functions in full.

The Ministry of Supply:

28. The Ministry of Supply plays a basic role in the process of importing agricultural commodities, including supply commodities, since it assumes charge of issuing permits to importers to import specific types and quantities by means of it which are in keeping with consumption requirements. It also sets all the prices of imported supply commodities in the various markets, according to their distance or proximity to the port of importation.

29. The ministry intervenes to set the wholesale prices of certain food-stuffs, in particular bread and fruit. It also sets retail prices in certain markets, in addition to the wholesale price.

30. The wholesale price is set weekly by the Ministry of Supply; weekly meetings are held among representatives of the Ministry of Supply and one or more representatives of the agents (middlemen) present in the wholesale markets, in the course of which a review is made of the status of commodities coming into the market and trends in their prices during the week preceding the date of the meeting. If it is observed that volumes and prices have stayed at their previous levels, similar pricing is authorized; if it is observed that there is a shortage in quantities, the prices are modified

upward, and vice versa, if it is observed that the quantities coming into the markets are moving in an upward direction. The Ministry of Supply has representatives present in all the markets to perform the task of coordinating with agents to arrange pricing in the above manner.

31. The role of Supply Ministry employees is not restricted to setting pricing and overseeing its application; their role goes beyond that, rather, to performing the task of surveillance of acts of fraud and attempting to fight them and limit acts of manipulation, including manipulation of packages, especially cans whose sides are squeezed to reduce their ability to accommodate output. These employees also help solve certain disputes which arise among the various groups dealing in the markets.

32. However, it has been noted that coordination between the Ministries of Agriculture and Supply is to be considered nonexistent as far as the setting of wholesale and retail prices of agricultural production goes, since the role of the Ministry of Agriculture is absent. One should bear in mind that the basic data, or most of the data, on which realistic, reasonable pricing can be based, such as costs of production, quantities produced and marketing costs, are available to the ministry.

### 3. The Municipalities:

33. The role of the municipalities in the process of marketing agricultural products, especially fruit and vegetables, is restricted to the establishment of certain wholesale markets in some main towns, although these markets are not subject to their supervision or management. In many cases the municipalities build some buildings and shops in these markets with the goal of allotting them and renting them out to the qat trade, which is spread about in most wholesale markets alongside the vegetable and fruit trade. In addition to the establishment of markets, the municipalities issue permits to engage in activities to agents and middlemen present in the markets in exchange for the stipulated permit levies.

### 4. The Yemeni Agricultural Products Marketing Company:

34. The company was established in 1983 with capital of 50 million riyals as a public corporation to play a basic, effective role in organizing and developing the marketing process. However, it foundered at the beginning in view of the participating bodies' failure to cover the cost of their shares, as a result of which the Military Economic Organization bought all the company's shares and increased its capital to 100 million riyals.

35. The company's activity is restricted to the marketing of fruit and vegetable products through the shops and exhibits of the Economic Organization, whose activity is not only restricted to members of the armed forces and their families but whose services also encompass all groups of citizens.

36. The company recently introduced the system of agricultural contracts for production of the potato crop. One can summarize its activity in this field as follows:

Contracting with a number of farmers to produce quantities of potatoes with the goal of supplying the needs of the armed forces, in exchange for the price set in advance.

The company imports the necessary seeds, offers them to farmers and reclaims their price from them on taking delivery of their production.

The organization offers cash loans to farmers. The average loan per farmer during the 1984 season came to about 20,000 riyals.

The company offers farmers some factors of production such as fertilizer and pesticides at cost.

The company also provides the farmers with equipment for farming and harvesting potatoes.

37. The company intends to introduce sorting, classifying and packaging equipment as part of its activities, and has also begun steps to establish 5,000-ton refrigerated warehouses to store the production contracted for and introduce the system of refrigerated transport, since the Military Economic Organization has a fleet of ordinary and refrigerated trucks.

#### 5. The General Grain Organization:

38. The organization possesses an independent legal character and is under the direct supervision of the minister of supply. The law has defined the tasks of the organization as supervising the import and export of grain, the administration of grain storage facilities, the processing of grain, the codification of special grain classification systems, determination of grain types and grades and the purchase of local grain.

39. In practice, the organization engages in the following tasks:

Disposition of the import share allocated to it by marketing 75 percent of this through its exhibits in the governorate capitals. With respect to the rest, which totals 25 percent, the organization mills that in its own mills, then brings it into the markets in the form of flour.

Bread production: the organization is now running two bakeries, one in Sanaa and the other in Ta'izz, to produce (salayidis) European bread, with a productive capacity estimated at about 20 tons per day. The organization made some modifications in the production molds of these two bakeries when it found that the bread produced did not enjoy a market among consumers, because of Yemeni taste in food, with which this type of bread is not compatible. The two bakeries are not working at their maximum capacity, in spite of the modification, as they are operating at a capacity of just 40 percent.

Storage: By means of its silos, which are in al-Hudaydah and whose capacity comes to 30,000 tons, the organization receives loose grain from ships, stores it and repackages it. The organization collects 80 riyals per ton for performing this activity. In addition to that, the organization runs about 18 storehouses, distributed among certain main towns; the capacity of each storehouse comes to about 1,000 metric tons.



It buys local grain.

[5 Aug 85 p 10]

[Text] The General Grain Organization:

The organization started an experiment in buying local grain in 1983, but was forced to suspend this activity when it found that this experiment had led to a rise in the prices of local grain. In addition to this, the organization classifies grain by means of the laboratories in its possession; however, these laboratories are still few and limited. There now are seven trucks in the organization with a capacity of 30 metric tons each. They are used to transport grain from the port of importation at al-Hudaydah to the silos. About 320 employees are now working in the organization, consisting of administrators and technical workers. The organization also runs three branches and three offices in addition to sales exhibits, and the organization's current capital comes to about 135 million riyals, consisting of present financing and foreign loans, whose sources are the Saudi fund, which contributes about 82 percent, and the World Bank, 18 percent.

#### 6. The General Foreign Trade Organization:

40. The General Foreign Trade Organization was established in 1979 and its goals were spelled out as the provision of basic consumer commodities, the maintenance of a suitable reserve for future emergencies, the coverage of all crises in the market, the effort to create balance in the food commodity market, the crushing of monopolies and maintenance of the price level.

41. The organization now deals with imported foodstuffs, among the most important of which are wheat, sugar, rice, milk and some canned goods, in addition to such other materials as cement, readymade clothes, furniture, wood and iron.

42. The organization's share comes to about 10 percent of imported foodstuffs. It supervises its marketing and distribution in all the areas where it has branches. It retails directly through its branches. The resources available to the organization now are embodied in the administration of about 10 warehouses distributed throughout the main governorates and 11 commercial exhibits.

#### 7. The Government and Public and Mixed Sector Employees' Consumer Society:

43. This society was established in 1978 under the supervision of the minister of supply and trade with the goal of realizing economic advantages for its members, by providing food and consumer goods and selling at prices below those prevalent on the market, since it does not basically have the goal of realizing a profit.

44. The society markets its stipulated share of imported grain, rice and sugar through society exhibits for the employees and the public in general. In addition to that it also imports some canned foodstuffs and readymade clothes. The society has no role in marketing local production.

45. The society owns a group of warehouses, exhibits and branches, covering about five governorates at the present time. The society's capital consists of the contributions of members and membership dues of government and public and mixed sector employees, in addition to the money generated from the society's commercial activity, which in 1983 came to about 29 million riyals.

#### 8. The Military Economic Organization:

46. The Military Economic Organization was established in 1973 with the goal of providing the armed forces' requirements of foodstuffs and selling at retail to the families of the armed forces. However, starting in 1975, the organization's activity expanded and it started selling at retail to all citizens. It also expanded its activity to include foodstuffs and clothing. The organization is now engaged in the following activities:

Retail sales of foodstuffs, among the most important of which are wheat, sugar and flour, through the branches that have been apportioned out, numbering about 12, spread out among various areas of the republic.

Administering and supervising the cannery in al-Hudaydah, which now cans tomatoes and fava beans.

Administering and supervising some productive farms. This is a new experiment in which the organization intends to branch out.

Supervising the Agricultural Marketing Company, since the organization has become one of the biggest contributors to this company's capital.

The organization has an efficient fleet and also manages some storage installations. Six hundred employees are now working with the organization.

#### 9. The General Cotton Company:

47. The company is in charge of buying cotton from farmers at prices it sets before the harvest. It takes charge of marketing it domestically and abroad. However, it has been observed that the relative prices of cotton are not attractive, since they have not risen at rates which are in keeping with the rates of increase of production costs, as a result of which the farmers avoid growing this crop and have turned to farming other more profitable crops. This deteriorating status of cotton production, in addition to the company's financial difficulties, has resulted in impelling the responsible bodies to study the possibility of liquidating the company.

#### 10. Importers and exporters:

48. Yemeni agricultural products are exported on a very narrow scale, since the value of Yemeni exports in 1982 did not exceed 7 million riyals, most of which were grapes, coffee and potatoes. The exporters obtain export permits from the Ministry of Economy and Industry.

As regards imports, in 1983 it was decided to prohibit the imports of any vegetable and fruit products. Therefore, the role of the importers of these commodities ended with the issuance of the decree prohibiting imports.

## 11. Suppliers

49. This group plays a basic role in the marketing process in Yemen. They are the connecting link between the area of production and the farm and wholesale markets. The suppliers deal with farmers either directly or through agents, since some of them supply farmers with containers in their farms as a way of buying output from the farm, or the purchase process takes place in the collection markets and local markets in the production area.

50. This group's activity is not subject to any rules, restrictions or conditions; the door is open to any person who wants to engage in this activity. Proceeding from this premise, we find large numbers of suppliers who are small merchants whose activity is not restricted to dealing in fruit and vegetables; most of them have small means of transport, cans, which are among the factors of greatest assistance in their performance of this activity. Some of them also own vegetable and fruit containers, since it is possible to get to the farmers and control the prices of their products by these two means.

51. Production is not subjected to any marketing activity after being bought by the suppliers, except for transportation to the markets and sales there; the suppliers do not perform any culling, sorting, repackaging or storage activities; rather, the production is shipped without any change or improvement worth mentioning, and the suppliers generally do not deal with a single market or a single productive area but rather go to the production areas to buy their needs and ship them to the market themselves. They also supervise the process of selling it. In other words, their everyday activity does not go beyond conducting transactions in small quantities which are equal to the capacity of their truck, which is no more than 1.5 tons, which indicates the meager size of their transactions.

## 12. The agents (middlemen):

52. The role of the agents in the markets may be summarized as negotiating with wholesalers as representatives for the farmers and attempting to narrow differences in the two sides' views regarding price. After agreement over a specific price, they assume charge of collecting the value of the goods either by receiving the value from the retailer directly or receiving it later. In either case, they pay the price directly to the farmer or supplier, while being committed to return the empty cartons to the supplier.

## Third: Agricultural Product Markets

53. Not much attention has been given to developing urban or rural agricultural product markets equally, which causes these markets to constitute an obstacle to any anticipated increase in agricultural production, especially delivery of fruit and vegetables. The different types of markets distributed about the Yemen Arab Republic are numerous, but one may discern the following forms:

## 1. Village markets:

54. These markets meet one day a week in a regular periodic fashion. They may be given the name of the day they meet or may be given a name connected with the name of the region situated where the market is established.

55. Commodities are shipped to these markets from the neighboring villages by means of producers or middlemen. The market is at the peak of its activity during the first 6 hours of the day. Generally, these markets are established in specific special places on open land which is not fenced in and does not provide any conditions or basic marketing accessories. The village market consists of a number of small huts erected from palm fronds or consisting of a small shop, or the sales might take place in the producers' or merchants' vehicles. Various commodities are sold in these unspecialized markets and no tariffs are collected on what is bought and sold in this type of market. In addition, there are no government or private bodies supervising these markets, their organization and their sanitation.

## 2. Central markets:

56. This type of market exists in the capitals of the governorates and towns, where the population density is high. The central market consists of a small number of narrow streets on both sides of which are small shops, and the selling activity there is marked by continuity and a daily presence. The middlemen in these markets play a big part and there is government supervision in these markets, although it has not yet reached the desired level of effectiveness.

## 3. Wholesale markets:

57. This type of market also exists in the capitals of the main governorates. The wholesale markets in the Yemen Arab Republic are distinguished in that they are established on open space lands, middlemen play a big role in them, government supervision in them is weak and the producers market their production in these markets on vehicles which range in size from 1 to 10 tons. The people conducting transactions in these markets come to buy and the buying and selling process is extended through bargaining, which may go on at length, at which point the middlemen intervene to settle on the price they recommend in accordance with their knowledge of the state of the market and the magnitude of supply and demand. The middlemen receive a commission which ranges from 5 to 10 percent of the prices in exchange for this role.

## 4. Retail markets:

58. Grocery shops are considered by far the most important of these, since they sell various food products in fresh, frozen or canned form. Vegetables, fruit, meat, live and frozen poultry, dairy products, eggs and so forth, whether local or imported, are considered the most important products these stores sell directly to customers, and it is to be noted that a substantial number of these shops are supplied with refrigerators, new scales and appropriate means of packaging.

[19 Aug 85 p 10]

[Text] Itinerant vendors:

59. The vendors move from area to area to buy the various commodities farmers produce which they might need, most important of which are coffee, livestock, local poultry and grain. After that they then move that to markets for sale, using their own means of transport to that end, especially when the volume of the quantity they are dealing in is large.

#### Four: Marketing Channels, Routes and Services

60. On their way from the producer to the consumer, commodities pass through a number of marketing channels and routes with the goal of adding benefits represented by the form, time, place or ownership of the commodities. These channels differ from one commodity to another, from one country to another or from time to time within a single country. Marketing capability is measured by the benefits added to the commodities in addition to what the addition of these benefits costs during the passage through these channels. In the Yemen Arab Republic, the basic marketing advantage added to production is that of place, since production reaches the hand of the final consumer in the condition in which it was loaded at the farm, without any improvement worth mentioning.

61. The following patterns display the marketing routes of grain, vegetable, fruit and livestock products, consecutively, in the Yemen Arab Republic.

#### Marketing services:

62. One can state in general that marketing services are below the desired level. One can summarize the existing situation as follows:

#### With respect to the harvest time:

63. The harvest time, especially as far as most vegetables and some fruit are concerned, is not carefully observed, as a result of which large losses occur, especially in transportation over long distances.

#### The picking and gathering process:

64. The evidence indicates that the fruit, when gathered, is badly handled, since it is thrown long distances and inappropriate gathering containers are used; in addition there are the small size and fragmented nature of agricultural properties and the low quantity of production per agricultural unit, which cause problems as far as the collection and marketing of agricultural production go.

#### Culling, sorting and classifying:

65. There is no official statute on the classification of agricultural products, and therefore farmers market many products unsorted or unclassified, which leads them to be deprived of incentives from specific characteristics

at a time when some wholesalers or retailers sort and classify superficially for the purpose of getting better prices.

66. The method of initial refrigeration and rapid elimination of the heat of the field from vegetable crops, in spite of its importance, is almost unknown in the Yemen Arab Republic, where high temperatures, especially during the summer season, cause the occurrence of damage and rapid wastage of orchard crops. Carrying out this process increases the protection of the fruit from rot and helps the fruit preserve its freshness, so that the period in which it is supplied and brought to the markets at a high level of quality can thus be extended.

#### Packaging:

67. Current packaging methods are restricted to sacks and wood boxes. For example, it has been the custom for the onion crop to be packed in sacks of an estimated weight of about 45 kilograms, potatoes in sacks of 75 kilograms or cases of 8 to 20 kilograms, and tomatoes in cases weighing 20 kilograms, or for them to be loaded directly in vehicles. There are no scales in wholesale markets on the basis of which transactions take place, and the use of wood boxes for packaging fruit and vegetables causes an increase in transportation cost, in view of the size and heavy weight of these boxes, in addition to the difficulty in handling these boxes cause in the market because of their high prices and the farmers' desire to get them back.

#### Transportation:

68. The government of the Yemen Arab Republic has devoted special attention to establishing a system of roads to break the barrier of isolation Yemen lived under before the revolution occurred. This system of overland routes, in addition to a substantial number of farmers' ownership of small means of transport, works to raise transport capability, which is considered one of the most important marketing characteristics of the Yemen Arab Republic. Nearly 2,031 kilometers of paved roads linking up the governorates and more than 1,000 kilometers of country dirt roads have been built.

69. It has been observed that farmers transport their fresh orchard products to nearby markets in trucks which are not refrigerated. In addition, these are open, which subjects the crop to the severe heat of the sun as well as wind and dirt. In addition, most of these vehicles operate by a system of mixed loads, since the products are haphazardly crammed on top of one another, increasing the rate of waste. A number of wholesalers and retailers own means of transport ranging from small to modern trucks whose load capacity comes to approximately 20 tons, and no public sector agency in charge of managing the loading processes or official information or data on transportation prices among the various governorates exists, as transportation prices are generally subjected to negotiation. Since the country imports large quantities of investment and food commodities, the government has devoted special care to ports of importation, especially the port of al-Hudaydah, which is now considered the main port of arrival for most imports.

70. In addition, al-Salif is a natural port in which there are deepwater outlets, and many studies have shown the numerous advantages this major port enjoys, especially for importing grain.

## Storage:

71. The importance of storage as far as agricultural products go varies in accordance with the rate of perishability; grain crops are characterized by the ability to preserve their natural quality for one to several years, while fruit and vegetable crops are characterized by rapid wastage and deterioration in a few months. This calls for care in their storage in refrigerated warehouses constructed especially for this purpose.

72. A number of refrigerated storehouses have been constructed in the course of the past 10 years. Some of them were built by some major importers of certain fruit and vegetable crops in the capitals of the major governorates and in some centers situated on main roads. Because of the government suspension of fresh fruit imports referred to previously, it is now possible to make use of these storehouses to store fruit and vegetable products produced locally. In addition to that, the government has established a number of refrigerated storehouses to encourage farmers to produce for the market instead of producing for self-sufficiency, since the absence of adequate storage facilities in the past was one of the reasons for the obstruction of orchard production expansion in the Yemen Arab Republic.

73. The government's attention to expansion in the construction of refrigerated storehouses in the most important production and consumption areas is taking place in harmony with the goal the second 5-year plan has set out, of developing the marketing process in the case of agricultural products and reducing losses in them because of poor execution processes, including sorting, culling and collection. In addition, the performance of basic marketing operations, which include packaging, transportation and storage, has been backward; the rate of product loss in the Yemen Arab Republic comes to about 15 to 30 percent in the case of grain, while in the case of orchard products the rate of loss comes to about 20 to 60 percent.

[12 Aug 85 p 10]

[Text] 74. The number of refrigerated warehouses which have been constructed so far by the government bodies concerned and also on the part of the private sector comes to about eight. As regards grain crops, alongside the traditional storage methods which take place on the farm and constitute the most important storage method used by farmers, there also is public and private sector commercial storage, which basically handles imported grain.

75. The most important methods by which local grain storage takes place in the farms are as follows:

Pits, methods which are widespread in the area of the southern highlands. The pits consist of an excavation made in dry or rocky ground to accommodate from 5 to 10 tons of grain. The system of storage by this means is followed when attention is devoted to storing grain for longer periods, no less than a year and perhaps as much as 5 years.

This method is subject to criticism in that the humidity of the ground causes the growth of bacteria and rot to the point where this grain becomes

a threat to human health when consumed. However, in the event it is done in an elevated area, water does not easily seep into it and it is to be considered a nearly optimal means of storage, in view of its low costs and ease of maintenance.

Storage in special rooms in houses. This method is subject to criticism for exposing crops to insect pests and also to rodents.

Barrels. This is the modern method and has become dominant in most areas of Yemen recently. As for commercial storage, most General Yemeni Grain Organization silos are considered the most important and modern means of storage, since these silos were built on a modern basis and are equipped with the necessary means of packaging. The total capacity of these silos comes to about 30,000 tons.

76. In addition to that, the organization manages about 18 storehouses distributed among the main governorates. The capacity of each storehouse comes to about 1,000 tons. The other storehouses include those belonging to the General Foreign Trade Organization (about three storehouses in Sanaa, Ta'izz and al-Hudaydah), those belonging to the Government Employees' Consumer Society, whose capacity comes to about 7,000 tons, and also those of the Military Economic Organization.

#### Marketing information and financing

77. Many farmers send their products to various markets without prior knowledge of price levels in these markets. At present there are no technical or guidance agencies in the Yemen Arab Republic to supply producers with accurate market information to help them produce, market and realize attractive prices.

78. In addition, with respect to financing, that does not seem to have any tangible effect as far as marketing goes. It has become apparent from observation that the storage of onion, date and potato crops takes place in poor primitive storehouses with bad ventilation as a result of a lack of awareness of farmers on the one hand and the absence of adequate financing on the other. The farmers are faced with many dangers which accompany the process of marketing their fruit and vegetable products, which are rapidly perishable in nature and are subject to wasteage because of the dearth and primitive nature of means of packaging and as a result of the absence of rapid means of transport and the rough nature of mountain roads. In addition, farmers are subject to dangers as a result of the paucity of marketing information, since large quantities of farm crops are moved to the markets without awareness of the magnitude of demand, exposing farmers to drops and fluctuations in prices.

#### Processing:

79. Processing is considered a final marketing activity by virtue of which some changes are made in the commodity, through which it becomes readied for consumption. In view of the repeated phenomenon of market flooding and the rise in supply during a particular season, especially as far as the tomato



crop goes, which results in a drop in prices to very low levels and the occurrence of losses for farmers, the government has ventured to establish a food cannery. The plant started production in 1984 by producing tomato juice and paste. There also has been canned fava bean production and there also are some traditional food industries such as grape and apricot drying, the cheese industry and other industries in the area of grain. The General Grain Organization is now running a large automated bakery.

#### Sixth: Marginal Prices and Marketing Capability

80. Prices differ from governorate to governorate and period to period. The reasons for these differences can be ascribed to transportation cost factors, which are considered relatively high, and the difference in the harvest seasons from one governorate to another, in addition to an absence of agencies supervising prices and an absence of marketing information.

81. Marketing margins represent the difference between the price the farmer gets and the price the consumer pays. Estimating marketing margins in the Yemen Arab Republic is one matter which is hedged about by a number of difficulties, among the most important of which are:

The scarcity of sectoral or comprehensive marketing studies and research.

The mediocre nature of the marketing organizations involved in agricultural products. In this regard, we might mention the marketing agency in which government supervision takes place and the lack of records on quantities and prices.

The involvement of many farmers in the marketing of their own products by themselves and direct sale to retailers for the most part and consumers in some cases.

82. On the basis of that, we consider the farmers' share of the ultimate prices the consumers pay in the Yemen Arab Republic to be relatively high, since in the case of some crops, such as grapes for instance, it comes to between 45 and 60 percent.

83. Table Seven shows the farmers', wholesalers' and retailers' share of the ultimate price the consumer pays.

From the table, it is apparent that the farmers' share of the price the consumer pays comes to 30 to 40 percent in the case of tomato, potato and onion crops, while what middlemen receive is to be considered relatively high, bearing in mind that they do not add any benefit worth mentioning and that their role in the markets should consequently be considered a marginal one whose effect can be limited by the presence of government supervision of markets, the construction of markets and their provision with modern equipment.

84. In the case of agricultural production accessories, the marketing margins and profits the agents receive are to be considered very high. This has been confirmed by many reports, which consider that the prices of

Table Seven: The Share Parties to the Marketing Process Receive, in Percents

Commodity	Farmer	Wholesaler or Intermediary	Retailer
Grain	65-75	15-20	10-15
Meat	85-90	--	--
Vegetables	50-60	10-20	30
Grapes	45-60	10	35-40
Bananas	50-65	--	35-50
Papayas	30-40	10-20	40-60

Source: Study of the evaluation of the agricultural sector in Yemen, Agricultural Development Agency and Ministry of Agriculture, p 264.

agricultural machinery and equipment in the Yemen Arab Republic are among the highest price levels in the markets of the world.

85. The government intervenes to set profit margins in the case of imported agricultural commodities. In the case of legumes, these are set at 6 percent, 2 percent and 10 percent for importers, wholesalers and retailers, respectively, calculated on the price of the category.

Resale at cost is calculated on the CIF price.

86. Table Eight shows the marketing margins for a number of food commodities in some governorates of the republic. From that the extent of the differences in these margins from one governorate in the republic to another can be discerned.

87. The marketing system is considered highly competent when the commodities are transported from producers to consumers at a cost which is commensurate with the provision of the services the consumers want --that is, if it is possible to reduce marketing costs without a change in the services performed, that will be an obvious gain in competence. Therefore, it is necessary to ascertain the costs and profits of each intermediary and determine the producer's share of the amount the consumer pays.

88. Marketing competence is considered low with respect to many agricultural plant products in the Yemen Arab Republic, in particular vegetable and fruit crops, in view of the limited nature of the benefits added to the commodities in comparison with the marketing margins. Qat, whose marketing competence is considered high, is an exception to this.

Table Eight: The Average Prices and Share Each Partner in the Marketing Process Received from the Ultimate Prices the Consumers of Some Foodstuffs Paid in Some Governorates During the Period 1980-81

Source: Ministry of Agriculture and Fish Resources data.

Papayas and bananas are sold by the farmers directly to the retailers.

Commodity	City	Farmer to Merchant (Wholesale)		Wholesaler to Retailer		Retailer to Consumer	
		Price	Percent	Price	Percent	Price	Percent
Tomatoes	Al-Hudaydah	1.40	23.8	2.24	14.2	5.88	61.9
Tomatoes	Sanaa	3.28	42.1	6.05	35.6	7.79	22.3
Potatoes	Dhamar	2.68	56.4	3.80	33.6	4.75	20.0
Papayas	Ta'izz	1.95	48.4	--	--	4.03	51.6
Yellow Grapes	Sanaa	12.21	64.6	13.75	8.2	18.89	27.2
Red Grapes	Sanaa	8.12	53.4	9.82	11.5	15.22	35.1
Bananas	Ta'izz	2.25	39.4	--	--	5.71	60.6

[26 Aug 85 p 10]

[Text] Table One shows the number of tractors imported annually:

Table One: Number of Tractors Imported Annually (1973-80)

Year	1973	1974	1975	1976	1977	1978	1979	1980
Number of Tractors	63	46	152	1,082	2,119	1,168	4,900	5,563

Source: The status of agricultural mechanization in the Yemen Arab Republic (Arab Agricultural Organization), Khartoum.

About 90 percent of the tractors operating are considered to be of a high horsepower, in excess of 65 horsepower. Table Two shows the number of tractors operating in accordance with horsepower.

The number of current makes of tractors presently being marketed comes to 21, with 32 different horsepowers, resulting in an increase in the burden of maintenance, repair and operation.

The available data also shows that there are about 2,600 pumps working in the field of Yemeni agriculture. The Tihamah area is considered the region which uses irrigation pumps the most.

Table Two: Numbers of Tractors in Accordance with Horsepower

Horsepower	Number
Less than 60	400
From 60 to 70	2,125
Above 70	2,038
Total	5,563

Source: Same as above.

Tractors and agricultural equipment are imported for customs duties. The customs duties at present come to 12 percent and the importer adds a high rate of profit although the government agencies do not intervene in setting this rate, which has affected the rise in prices of tractors sold inside the Yemen Arab Republic, since some reports have stated that the prices of tractors in the Yemen Arab Republic are to be considered high. This is counter to the goal the government has raised in encouraging agricultural production and providing production accessories at suitable prices.

In order to cope with this situation, the Agricultural Credit Bank has carried out marketing studies to provide different types of equipment, tractors and pumps to which farmers are receptive and has imported these. The bank set a profit margin ranging from 20 to 25 percent after adding customs duties, the expenses of customs clearance and so forth, which are paid by the farmer over a period of 4 years, the loan payment period. The agricultural equipment and tractors are sold to farmers through credit facilities at below market price, which is considered a positive approach in giving producers incentives to increase their output.

#### Fertilizer, Seeds, Insecticides and Seedlings

##### Fertilizer:

Table Three shows the quantities of fertilizer imported in the period 1980-83.

Table Three: Fertilizer Imported in the Period 1980-83

Year	1980	1981	1982	1983
Quantity in tons	21,645	22,573	22,000	36,595

Source: Same as the above.

Part of these quantities consists of aid in the form of fertilizer which the government receives on the basis of bilateral agreements the Ministry of Agriculture concludes with some foreign countries, the most important of which are Saudi Arabia and Japan, since the level of aid comes to about 85

percent -- that is, the amounts that are imported account for just 15 percent, a small proportion. The reason for that is attributed to the farmers' lack of familiarity with the use of fertilizer, alongside the use of organic fertilizers. It is worth pointing out that urea fertilizer's share accounts for about 80 percent of the quantity imported, which may be attributed to the farmers' greater willingness to use urea because it gives a green total [sic], which is used as fodder; in addition, there is a lack of awareness of the importance of using phosphatic fertilizers to increase fruit production.

#### Seeds:

Some types of seeds for vegetables are imported by a limited number of commercial agents. The current system followed in importing seeds requires the importer to obtain prior agreement from the competent body in the Ministry of Agriculture so that the quantities, types, prices and sources of these seeds may be known, since these quantities have been tested and have shown good production results.

Table Four shows the total quantities of vegetable seeds it was permitted to import during the period from 1979-80 to 1983.

Table Four: Imports of Vegetable Seeds During the Period 1979-83

Year	1979-80	1980-81	1981-82	1983
Quantity in tons	20	29	50	39

Source: Same source as above.

The Ministry of Agriculture seed propagation project reproduces field crop seeds and distributes them to farmers after the original seeds have been imported from well known research stations.

#### Seedlings:

Recent years in the Yemen Arab Republic have witnessed a tangible increase in farmers' demand for various fruit seedlings, in particular those for citrus and deciduous fruit. The increase in demand for these seedlings can be attributed to the government's decision to prohibit fruit and vegetable imports, which has encouraged many farmers to expand cultivation of them.

Local seedling production which is carried out by Ministry of Agriculture and Fish Resources nurseries spread about in most governorates of the republic has responded to a large part of the demand, totalling about 88 percent of the total quantity of seedlings distributed in 8 years, while imports accounted for about 12 percent. The volume of seedlings imported in 1983-84 has increased, giving an indication of an increase in the farmers' orientation toward fruit and forest production.

The Ministry of Agriculture sells various seedlings at prices below their production cost; the price in the case of deciduous trees ranges from 5 to 10 riyals, and is higher in the case of food citrus and mangoes, from 20 to 25 riyals.

The quantity imported by the private sector in 1983-84 was sold at high prices totalling 60 riyals, since the Ministry of Agriculture's seedlings had been fully distributed and demand for seedlings remained high.

[2 Sep 85 p 10]

[Text] Insecticides and Sprinklers:

98. Table 13 shows the volumes of insecticides and the numbers of sprinklers imported by the Yemen Arab Republic in the period 1978-1983.

Table 13: Insecticides and Sprinklers Imported by the Yemen Arab Republic in the Period 1978-83

	1978	1979	1980	1981	1982	1983
Fertilizer, Tons	379	499	622	604	519	678
Number of Sprinklers	31,810	45,512	2,858		40,405	56,002

Source: Ministry of Agriculture and Fish Resources, General Department of Agricultural Affairs.

It is apparent from the table that there is an annual increase in the quantities of insecticides imported, reflecting the farmers' awareness of the importance of using fertilizers to increase agricultural production. Most insecticides are imported by the private sector, and there are quantities imported by the Ministry of Agriculture prevention project.

99. As regards sprinklers, it is apparent from Table 13 that there has also been a tangible increase in their imports, and additional amounts of them are received from some countries, most important of which is Japan, and through bilateral agreements. The prices of this equipment is set by the interaction of the forces of supply and demand in the free market.

#### Eighth: Major Problems and Obstacles to the Marketing of Agricultural Products

One can classify the most important problems and obstacles facing agricultural marketing in the Yemen Arab Republic as follows:

100. The problems of marketing organizations, most important of which are:

The weak coordination among a number of organizations operating in the area of agricultural marketing, which sometimes results in duplication in work and some contradictions in decisions.

The lack of basic resources in some marketing organizations such as the General Grain Organization and the Cotton Company, preventing them from carrying out their functions.

Incompetence in government supervision of various markets and regulation of sale and purchase operations.

The dearth of competent persons and personnel specialized in marketing and the inadequacy of marketing research aimed at improving services and raising marketing competence.

101. Problems of markets, most important of which are:

The failure of markets, especially collective and wholesale markets, to cover all the areas of production and consumption in the republic, leading to the emergence of some bottlenecks in the marketing of some commodities in certain seasons, which results in great differences in commodity prices among various areas.

The lack of basic facilities in most markets of the republic (such as means of storage and refrigeration). They also fail to meet health specifications, especially the mixed and unspecialized markets.

The difference in measures and standards from one area to another and one market to another. For example, there are five weights which differ as the region differs in the case of the keddah, which is the unit of measurement used in the south.

102. Problems of service and marketing channels. The most important of these are:

The inadequacy of marketing data and information concerning prices and supply and demand in the markets of the various governorates, which results in the presence of a price discrepancy among these markets.

The mediocre nature of culling, sorting and packaging operations, especially in the case of crops that perish rapidly such as fruit and vegetables, and meat, and the pursuit of primitive methods of storing grain on certain occasions, such as the pit method, where the grain is kept in an excavation which lacks ventilation and where the humidity level is high. This on many occasions results in the affliction of this grain with rot and an increase in its loss.

The absence of means of transport and communications suited to the mountainous character of some production areas, which constitutes a great obstacle to the transportation of agricultural products, their wastage during the transport process and the high costs of the performance of this marketing service.

The primitive nature of most existing slaughterhouses and their low productive capacity, which is not in keeping with the large numbers of animals slaughtered every day, as a result of which a high rate of slaughtered animals are slaughtered outside slaughterhouses and are not subject to the necessary veterinary and health oversight and inspection. Slaughterhouses dealing with poultry scarcely exist, with the exception of some poultry stores which are equipped with primitive machinery for slaughtering and cleaning poultry.

The high cost of manpower as a result of the migration of farm labor from rural to urban areas and neighboring oil countries, which has led to an

increase in the costs of post-harvesting operations and other services and marketing.

103. Problems of marketing margins and marketing capability, most important of which are:

The prices for the same commodity differ greatly from one region to another and one market to another, reflecting the lack of market integration in the republic. This may be attributed to numerous causes, most important of which are the deficiency of marketing data and information, mediocre awareness, the tangible difference in marketing costs from one region to the other, the lack of unification of weights and measures, the inadequacy of methods for overseeing producers' quality and weak government supervision of the markets.

Although the marketing margins of most crops, except for fruit and vegetables, are not excessive, they are not in keeping with the marketing benefits added to commodities between production and consumption, because most of these benefits are restricted to place and no addition worth mentioning is made to the formal benefit of the commodity.

The rise in the prices of certain production accessories, especially machinery and equipment, in view of the large marketing margins the importers realize.

104. Export and import problems, most important of which are:

The excessive markup of local prices for a number of agricultural commodities, especially wheat and poultry, over their import prices, because of their high production costs and the preference of consumers (especially those with high incomes) for the local production of these commodities. However, a change has been observed in consumers' tastes in recent years since they have started to be receptive to imported commodities of relatively low price. This has been accompanied by difficulties in the disposition of some commodities which are produced locally.

#### Ninth: The Action Program To Raise Marketing Competence

105. We will herewith review some proposed solutions and measures for remedying the problems and obstacles of agricultural product marketing, in the form of an action program to raise marketing competence in the Yemen Arab Republic.

Supporting and developing agricultural marketing agencies:

106. The numerous agricultural marketing agencies, especially the General Agricultural Marketing Department and the agricultural census project in the Ministry of Agriculture, must be supported and developed. This includes:

Supporting the department and project with competent personnel and technical and administrative staffs in the form of agricultural engineers, economists, administrators and other necessary competent and able persons while training



these staffs locally or abroad to master all marketing areas and fields so that they will be able to perform their tasks and carry out their duties.

Opening marketing offices in all governorate capitals equipped with the necessary agencies for performing the following tasks: guiding farmers, orienting them toward the pursuit of proper methods for the process of harvesting production, culling it, sorting it, loading it and other marketing operations, and gathering daily information and data related to the quantities of fruit and vegetables coming into the markets, their strains, prices, sources of loading and production and their different types of packages, with the need to convey this information and get it immediately to specialists in the center of the general department in Sanaa to enable the department to issue a comprehensive periodic bulletin on this information and on all wholesale markets in the republic through the media, to enable farmers or merchants to take the correct decisions related to the distribution and guidance of production, supervision of commodity exchange activities, oversight of adherence to specifications, quality control, and the execution of all the instructions, measures and decrees related to marketing the ministry issues.

Opening marketing bureaus in border and port centers along the lines of veterinary and plant care offices to take charge of the task of overseeing exports and imports in terms of the quantities and strains it is permitted to export or import, while ascertaining that they apply to the authorized conditions and specifications, and supplying the department with this information on a periodic basis.

Issuing the following statutes and decrees:

A. The statute on central fruit and vegetable wholesale markets:

107. In order for these markets to be able to realize their function of serving the marketing process and raising its competence, it is necessary that they be established, administered and operated on the basis of clear conditions and instructions through which will be determined:

The requirements that must be met to establish markets in terms of place, area, requisite facilities and type of services to be furnished.

Crops it is permitted to trade in the market.

Persons permitted to be present in the markets.

The sales methods it is permitted to follow, sales hours and the methods and times for the entry and departure of goods.

The method of registering data and gathering information.

Administration of the market, the bodies represented by its board of directors and the powers of the market manager and board of directors.

The proportion of levies stipulated to be collected from all bodies, farmers, merchants or middlemen.

The role of middlemen (intermediaries) and the percentage commission stipulated for them.

The method and manner of using and investing market revenues.

Shop wages, means of determining them, their rental and conditions for their use.

The type of measures taken against people violating this law.

B. The decree prohibiting fraud and manipulation in fruit and vegetable packaging:

108. It has been observed through field visits to production areas and wholesale and retail markets that many fruit and vegetable packaging activities are subjected to erroneous, wrongful practices to realize unlawful profits. The least definition of these practices that one can give is that they are a type of fraud and manipulation whose effects most times are reflected on farmers and consumers alike.

Among the methods of fraud and manipulation which have been observed are the following:

Exhibiting high-quality fruit on the upper open layer of the package and concealing low-quality fruit on the lower ones.

Placing a thick mat of twigs and leaves on the bottom of the box to reduce their actual fruit capacity.

In the case of some strains which are not put in packages and are sold while still in the vehicle, such as watermelons and canteloupes, a thick mat of twigs is set on the floor of the vehicle and some methods are followed to conceal these twigs when the production is sold.

Manipulating the package itself with the purpose of reducing its true volume by squeezing the sides of the box in, as is the case with cans, or by attaching unneeded pieces of wood to the insides of the wooden box to achieve the same goal.

109. Remedying this problem, which is now being practiced on a substantial scale, requires the issuance of a governmental decree to stop these practices, such that it will be binding and comprehensive in terms of:

A clear definition of the notion of fraud and manipulation in fruit and vegetable packaging, definition of methods for taking representative samples and methods for examining and inspecting them, determination of places and types of markets in which the inspection process will take place, determination of the bodies and agencies assigned to inspect production, definition of the maximum excesses permitted and determination of the type of measures and penalties which must be taken against people committing violations.

C. A decree setting the transportation tariffs for agricultural products:

110. We previously stated that in view of the geographic nature of the Yemen Arab Republic, transportation is considered one of the most important marketing processes and one of the most specific elements in the shipping of farmers' production to the markets for their own account. Therefore it is necessary that transportation costs and tariffs be subject to direct immediate intervention on the part of the competent agencies so that a limit may be set to high tariffs through the pursuit of a practical field study to ascertain the actual cost of transporting a unit of a given weight.

3. The need for coordination among various agencies responsible for agricultural marketing:

111. This coordination might take place through the formation of joint committees to review urgent issues which have an effect on the marketing process, with the goal of arriving at practical decrees and recommendations which can be carried out. The committees which it is proposed to form are:

A. Committees to set out and prepare wholesale and retail fruit and vegetable pricing. These committees will observe all the factors influencing the determination of prices. It is recommended that the committees be formed in the following manner:

A representative of the Ministry of Agriculture (General Agricultural Marketing Department);

A representative of the Ministry of Supply;

A representative of the Wholesale Markets Department;

A representative of the agents;

A representative of the Yemeni Agricultural Products Marketing Company (if there is one), provided that this sort of committee be put in general application with the same representation in all capitals of governorates and places where there are central wholesale markets.

B. Committees to codify and prepare measurement specifications for fruit and vegetables. These committees will be in charge of studying domestic and foreign markets to ascertain consumers' tastes and demands in terms of the quality and degree of quality of production and prepare specifications which are in keeping with these demands in the domestic and export markets.

It is recommended that these committees be formed as follows:

The Ministry of Agriculture;

The Ministry of Supply;

The Ministry of Economy and Industry;

The Yemeni Agricultural Marketing Company.

C. Committees to study the establishment and creation of central wholesale markets:

112. After the statute on the central wholesale markets is issued, joint committees will be formed out of the General Agricultural Marketing Department and the municipalities of towns in which it is recommended to establish new wholesale markets or reorganize and renovate existing ones. They will be in charge of the task of preparing technical and economic studies and choosing suitable locations for these markets, while determining their requisite size and needs in terms of buildings, facilities, offices and other utilities in keeping with the anticipated volume of transactions and observing probable future expansions in order to cope with the increase in the volume of production and the preparation of housing. The committees will also be in charge of evaluating construction and operating costs, in order to present the results of their studies and recommendations to the competent bodies.

4. Encouraging the establishment of cooperative and marketing societies:

113. Proceeding from this premise, the optimum solution to the protection of small farmers and the development of their incomes is embodied in a broad orientation toward the establishment of cooperative societies and the provision of incentives for farmers to join them. These incentives will be embodied in the provision of technical and administrative staffs which are capable and qualified to manage the societies while offering them material support and granting them priority in the benefits and facilities needed to own the necessary marketing accessories.

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CSO: 4404/465

AFGHANISTAN

MUJAHIDIN LEADER FORECASTS VICTORY

Kabul KAYHAN INTERNATIONAL in English 9 Sep 85 p 3

[Text] Peshawar, Pakistan 7 Sep (Dispatches)--An Afghan Mujahideen commander boasted Saturday guerrillas would "drive out the Soviet forces very soon" in the heaviest fighting of the 6-year-old Afghan conflict raging near the Pakistani border.

Muhammad Gilani said he commands 10,000 Mujahideen, or Muslim holy warriors, in the battle against a combined Soviet and Afghan Government force in the town of Khost in eastern Paktia Province, some 25 miles (40 kilometers) west of the border.

Mujahideen forces claimed Friday they had pressured Soviet troops to retreat from a battle near Zazi, 30 miles (48 kilometers) to the north, which flared for nearly a week only a mile from the border.

The reports could not be independently verified because the Soviet-backed Afghan regime bans western journalists from covering the six-year conflict.

Pakistani Border

Gilani, who spoke from his headquarters on the outskirts of Peshawar, said the Soviet offensive in Paktia is aimed in part at sealing off the border with Pakistan.

Afghan President "Babrak Karmal said several weeks ago they want to close the border," said Gilani, who calls himself commander in chief of military operations for one of seven major Afghan guerrilla groups based in Peshawar.

"They tried to get a hold of strategic areas where they could set up ground-to-ground missiles with small units, so they can overlook the entire area and prevent Mujahideen and refugees from crossing the border," he said.

Gilani claimed the offensive is failing.

"The Soviets have failed to seal off the border and cannot manage to hold their positions the way they wanted to," the guerrilla commander said.

He said the Soviets had not yet retreated from Khost, but added, "We will drive out the Russian forces very soon."

He denied earlier reports from other Mujahideen sources that the Soviets had airlifted 6,000 troops into the garrison town, which has been surrounded by Muslim Mujahideen since June.

There are about 15,000 Soviet troops and 20,000 regime forces operating in all of Paktia Province, Gilani said.

"But there are only about 5,000 to 10,000 in Khost and I would estimate that only 10 percent of these are Soviets," he said.

He said Khost is controlled by the Khad faction of the Afghan Communist Party, which dislikes the Soviet presence in the landlocked country.

#### Kabul Hospitals Filled

"This is the biggest offensive they have had so far in Afghanistan," he said. "I think it is the greatest loss they have ever had. The hospitals are filled."

The commander claimed there are six to eight Russian casualties for every one on the Mujahideen side.

"Just two days ago, one of our commanders launched a surprise attack on Soviet Afghan units, which were guarding a stronghold with rocket launchers and machine guns," he said.

"We destroyed 45 tanks, armored personnel carriers and trucks, we counted 107 of the enemy killed," he said. "Only seven were Russian but that is not counting those inside the tanks we blew up."

He said the battle took place only a mile from the Pakistani border.

The guerrillas began their own offensive in Khost in June because, "We knew that the Soviet force would come and we wanted to be a little earlier than them."

He said the guerrilla fighters were armed with multirocket launchers and missiles captured from the Soviets four years earlier. They also employ ground-to-ground missiles believed to be of Chinese make, he said.

Diplomats in Islamabad and New Delhi estimate there are 115,000 Soviet troops in Afghanistan compared with 100,000 to 200,000 guerrillas.

The Soviets invaded Afghanistan in December 1979 to prop up its puppet government there.

#### Airliner Shot Down

In another development, Islamic guerrillas shot down a civilian Afghan airliner with an "American-made surface-to-air rocket," killing all 52 passengers and crew aboard, official Radio Kabul reported Saturday.

The radio of the Soviet-backed government of Afghanistan said the plane was shot down after taking off at 11:08 a.m. on Wednesday from Kandahar airport, 300 miles (500 kilometers) southwest of Kabul.

The Pushtu language broadcast, monitored in New Delhi, did not explain how authorities knew the rocket used to shoot down the plane was made in the United States.

"The bandits shot down a civilian plane of Bakhtar which had taken off from Kandahar airport on Wednesday at 11:08 a.m.," the broadcast said.

Bakhtar is the small Afghan domestic airline, which operates about half a dozen planes, all Soviet-built, on internal routes.

"All 47 passengers and five crew were killed," the radio said.

"The plane was shot down with an American-made surface-to-air rocket," it said.

"This shows the American Government's terrorist acts," it said.

Although it has been reported that covert U.S. and Saudi assistance has been given to the guerrillas, reports of actual U.S.-made weapons have been rare.

#### Effective Anti-Aircraft

Diplomatic sources recently have reported that the Mujahideen were using more effective anti-aircraft weapons but did not describe their make or origin.

The sources have said that Soviet air operations near major airports are usually conducted behind a screen of flares in an effort to deflect heat-seeking missiles.

The radio announcement was the first time that the Kabul government has admitted losing a civilian plane to guerrilla ground fire.

However, an Afghan exile source said three smaller planes belonging to the domestic airline were shot down last year near Kandahar and the city of Herat, 420 miles (700 kilometers) west of Kabul.

The lost planes were replaced by larger Soviet planes supposed to be able to fly out of range of guerrilla anti-aircraft fire, the source said.

Bakhtar planes have been a target of the Islamic resistance because many of those travelling on the domestic airline are members of the ruling People's Democratic Party of Afghanistan, he explained.

CSO: 4600/27

AFGHANISTAN

THOUSANDS OF HECTARES OF LAND DISTRIBUTED AMONG FARMERS

Kabul ANIS in Dari 14 Aug 85 pp 1,4

[Text] In the first quarter of the current year the land reform office has been able to liquidate 76,455 acres of prime land belonging to 88.1 families and redistribute it to 2,799 families. Likewise, 10,840 acres of prime land were distributed to farmers, and 10,671 deeds were distributed to land holders and the needy.

The above was announced by an assistant from the land reform office. He told the ANIS correspondent: From the outset of the implementation of the democratic land and water reforms until the end of the first quarter of the current year [21 June 1985] a total of 689,451 hectares of land were distributed to 320,776 rural families with little or no land. It must be noted that with the amendment and completion of some of the articles in Order Number Eight and the implementation of the land ownership laws and regulations, a great many resources have been made available to the toiling farmers, which will be briefly listed. The owners of orchards and vineyards may own more than 30 acres of orchard or vineyard land provided that all of it has fruit-bearing trees or vines.

Likewise, for the needy at least five acres of prime land or the equivalent is being distributed free. One of the important and significant amendments is that the implementation of democratic land and water reforms now results in the active and direct participation of farmers becoming a practical reality, with the farmers taking part in the implementation of democratic land and water reforms at village farm council meetings. It must be said that in the formation of the village farm council, the water distributor or the chief water distributor is a representative of the farm water user's committee.

The village farm council is composed of the legal representatives of all village farmers. It solves problems pertaining to the improved use of democratized land and water and establishing land and water relationships in the village. It also resolves disputes between farmers and the village farm council. Heirs may also divide the land in their inherited estates among themselves after preparing documents in the local court. The deed for each heir's share will be given to him in his name by the working land reform groups. Surplus acreage, confiscated lands, financed lands, and cultivated lands belonging to those holding documents from a religious magistrate will be given over at no charge to those in possession of the estate.

Farmers who are recording their lands to obtain new official documents of ownership are exempt from the payment of recording fees.

In conclusion, the assistant from the land reform office said:



With the implementation of the process of democratic land and water reforms under the specified program, democratic land and water reforms are now being carried out in 27 provinces by 75 working groups, and liquidated and distributable land is being distributed free to farmers with little or no land, along with official documents of ownership. As additional aid to farmers, the working groups are providing farmers with financial and technical aid such as chemical fertilizers, graded seeds, pesticides, and other things along with facilities.

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CSO: 4665/139

AFGHANISTAN

NANGARHAR DEVELOPMENT PROJECT 'IMPROVES ECONOMIC CONDITIONS'

Kabul ANIS in Dari 10 Aug 85 pp 1,2

[Text] One of the great Afghanistan-USSR friendship projects is the Nangarhar Valley development project. This project has made deep changes in the economic and social situation in the Province of Nangarhar.

The importance of the Nangarhar Valley development project is not limited to the fact that for the first time the advantages of mechanized agriculture and the use of advanced agricultural techniques have been realized. The government's agriculture secretary said that this project also has great basic importance. It is now employing more than 6,000 employees and staff who are receiving training in agricultural activities while earning a living, and in addition the project is adding new crop items to our list of exports, and this cannot be discounted.

Another item of great importance in the Nangarhar development project is the improvement of land irrigation for area residents, because of 31,200 hectares of land being irrigated, 16,000 hectares belong to residents.

Obviously, this project has no small importance for the development of the area and improving the lives of its inhabitants, because in the past farmers suffered chronically from water shortages and deteriorated irrigation systems.

The farmers of Nangarhar province are regularly becoming more aware of the social and economic importance of the Nangarhar development project for the area's development and improving their lives. The project is helping to create the best cooperative relationship between the project and the residents. An example of this cooperation is that last year around 11 kilometers of the project's canals were dug by the residents of the villages of Amr Khil, Bakhtan, Ghuchak, Gondeh Cheshmah, and Makan-e Khan-e Pak. This figure, which is twice that of the year 1362 [21 March 1983 - 20 March 1984], is a clear indication of the daily-improving relationship between residents and the Nangarhar Valley development project.

Workers and other project employees labor with sensitivity, sympathy, and interest in order to raise the level of project productivity and to guard it from the villainous activities of the enemies of the nation and the revolution. This has made possible an olive crop this year that is expected to be five times greater than that of last year. Currently around 1,000 farm and project workers are members of the land and self-defense systems.

The self-sacrificing activities of these patriots have made it possible recently for 65 insurgents to surrender to security forces. These forces have created reliable protection for the farm areas and project installations.

The counterrevolutionary enemy is just as merciless as the project is important for improving the welfare of the people and developing the area. They are trying to distort the life conditions and the peaceful work being done in the project, but these efforts will ultimately face the brave struggle of residents, project officials, and our brave security forces, and the brigands will be deprived of the possibility of committing their crimes.

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CSO: 4665/139

AFGHANISTAN

ARTICLE LOOKS AT SUCCESS OF LAND, WATER REFORM

Kabul DEHQAN in Dari 11 Aug 85 pp 5, 7

[Text] As the successful implementation of democratic land and water reforms continues in the country, we have a report from an official source in the Kabul Province Land Reform Office on the work and activities of the general management of the Kabul Land Reform Office.

The task of carrying out democratic land and water reforms in the Kabul Province sub-provinces has been underway since 1361 [21 March 1982 - 20 March 1983]. Since that time until the end of 1363 [20 March 1985] 103,134 deeds have been distributed and registered to 8,335 families for 37,225.1304 acres of lands liquidated from 3,330 families, and 88 families were given 3,778.87 acres of land at no charge.

In order to evaluate the work of the Kabul Province land and water reform commissions in the year 1363 [21 March 1984 - 20 March 1985] an extensive meeting of province, sub-province, and relevant district land reform commissions was held on 12/22/63 [13 March 1985]. All aspects of the work were critically studied and tasks were specified for the year 1364 [21 March 1985 - 20 March 1986]. Medals were given to the active and experienced land and water reform employees by the directorate of the Peoples Republic of Afghanistan Revolutionary Council, along with letters of commendation from the Executive Bureau of the Kabul Province Party Committee.

The source added: In 1364 [21 March 1985 - 20 March 1986], based on the government of the Peoples Republic of Afghanistan's social and economic plan, in the Province of Kabul there must be 6,000 deeds distributed, 3,043 hectares of land liquidated from 4,780 families and sold to 4,780 families, and 1,000 hectares of land must be given free to 1,000 families. Therefore the Kabul Province land and water reform committees and the related sub-provinces under the leadership of the party committees have taken specific measures to implement regulations of the plenums of the central committee of the Peoples Democratic Party of the Afghanistan. The Kabul Province party committee has passed a regulation to promote the role and responsibility of party organizations in the implementation of land and water reforms in Kabul Province, dated 1/14/64 [3 April 1985] to implement the plan in this area and to enforce the regulation dated 11/17/63 [6 Feb 1985] from the publisher of the Central Party Committee of the Peoples Democratic Republic of Afghanistan concerning the process of implementing the regulation dated 9/17/1363 [8 Nov 1984] from the Political Bureau of the Central Party Committee of the Peoples Democratic Republic of Afghanistan concerning the promotion of the role and responsibility of party organizations in the implementation of land and water reforms in the Kabul Province Party Committee. In that regulation, the responsibilities of party and social organizations and government offices were specified. In the first quarter of 1364 [21 March - 21 June 1985] the following land reforms were implemented by the seven land and water reform working groups under the leadership of the

party committees of the sub-provinces of Bakrami, Deh-e Sabz, Chahar Asiab, Mir Bachah, Kowt, Qarah Bagh, Paghman and the district of Kalkan with the cooperation of government offices, social organizations, and land reform commissions:

During this period the Kabul Province land and water reform commission held three joint sessions with the land and water reform commissions of the sub-provinces of Bakrami, Deh-e Sabz, Mir Bachah, Kowt, Chahar Asiab and the district of Kalkan at the center and the sub-provinces in order to solve problems according to schedule, with positive results. Likewise, in the last quarter of 1363 [22 Nov 1984 - 20 March 1985] the Kabul Province land and water reform commission held separate sessions in which it studied the work of the sub-province committees in this area. The meetings plan and the plan for land and water reform procedures were passed in the second quarter [22 June - 22 August]. Likewise, the land and water reform commissions in the sub-provinces met separately twice, bring the total number of meetings to 48. During these meetings, using available resources, they presented their proposals pertaining to the difficulties in carrying out responsibilities in the sub-provinces and other matters to the Kabul Province land and water reform commission. In the first quarter of 1364 [21 March - 21 June 1985], according to the adopted plan for the implementation of land and water reforms in the sub-provinces, the following tasks were accomplished:

The number of landowners whose land was liquidated and registered in their names is 1,116 families; the total land liquidated is 7,586 acres; the total land distributed to farmers free is 1,810 acres, and the number of families with little or no land receiving free land is 532 families. A total of 1,295 deeds were distributed in the first quarter of 1364 [21 March - 21 June 1985], which is 583 deeds more than were distributed in the same period the previous year.

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CSO: 4665/138

AFGHANISTAN

IRRIGATION SAID TO BE WORKING AFTER 5 YEARS OF LABOR

Kabul DEHQAN in Dari 11 Aug 85 p 4

[Text] The splendid triumph of the Sowr revolution was the lawful outcome of the struggles of the Democratic Peoples Party of Afghanistan. As a result of that, our dear country is confidently on the road to national and democratic development and economic and social changes for the welfare, ease, and happiness of the country's vast toiling masses. In moving towards the realization of the high aspirations of the revolution in accordance with the working program of the Democratic Peoples Party of Afghanistan, very important and valuable steps have been taken.

An example is the implementation for the first time in the country of the water law and the water use regulations. With the implementation of these two vital documents, the water has been given to the people, and methods for solving water problems, making effective use of water and distributing it justly among users, as well as preserving and supervising water sources, installations and irrigation systems, have been put into practice.

On the basis of the water law and agricultural water use regulations, the irrigation and water resources offices in the provinces were established and equipped to alleviate difficulties for farmers pertaining to irrigation, resource administration, and personnel management. Such offices have been established in 29 provinces and have also expanded to the sub-province level. Their representatives have begun operating in 22 sub-provinces.

The provincial irrigation offices now have 302 buildings and vehicles of various kinds, and they are now serving the country's toiling farmers with 1,121 personnel in all the country's provinces by implementing complex economic and social plans. Their efforts have been used for various irrigation affairs, such as cleaning canals, repairing and strengthening dams, and constructing irrigation facilities and buildings, and they play an active part in organizing social affairs, an ancient national tradition of the brothers living in the country. They have also taken specific measures, using technical methods and observing local tradition, for the just distribution of water, and they are electing water distributors and chief water distributors for the irrigation systems through the establishment of committees of farm water users. This procedure makes possible the solution of collective water distribution problems for the farmers themselves on the one hand, and on the other hand it plays a valuable role in uniting the various nationalities and ethnic groups who are using the same canal.

From the activities of the provincial irrigation offices over the last five years, it may also be concluded that these offices have been able to inspire the confidence of the toiling farmers in the country's remote hamlets and towns. For example, in the year 1361 [21 March 1982 - 20 March 1983] they were able to collectivize 40,100 square meters of land, and clean 50 canals and

their dams with collective manpower, thereby improving irrigation for 240,400 hectares of land. Of course in 1362 [21 March 1983 – 20 March 1984] the above quantities were 1,836,000 square meters of public lands, 404,100 square meters of collective lands, 1,457,000 square meters of repairs on dams using local materials, and 19,400 square meters of masonry with mutual exchanges on 150 canals.

In 1363 [21 March 1984 – 20 March 1985] the future activities of the provincial irrigation offices were begun, covering 342 canals with a total length of 3,273 meters on 4,498,772 square meters of land, including:

- The cleaning of 3,274 kilometers of 2,498,905 square meters of land with collective manpower.
- Collectivization of 376,508 square meters of land.
- Repair and strengthening of dams using local materials on 123,359 square meters of land.
- 8,436 square meters of dry masonry to strengthen canal walls.
- 662.8 square meters of concrete poured.
- The installation of 1,302 trivets.

All of this has resulted in significant irrigation improvements for more than 700,000 hectares of land.

During the same period the following reconstruction, construction and engineering work was done:

– The construction of basic dams in the villages of Khodaidad and Ju-ye Shir, the reconstruction of drainage canals for the villages of Qirghah, Hudkhil, and Polcharkhi in the Province of Kabul, the villages of Nehrshahi and Siah Kord in the Province of Balkh, the villages of Adam Khan, Qel'ah Kan and Ab Bazan in the Province of Helmand, the villages of Sifun and Nehr-e Nosrat in the Province of Farah, the villages of Nehr-e Khwajah and Khorram in the Province of Kapisa, the damming of the 600-meter Kamah public canal in the Province of Nangarhar, the Shahravan River in the Province of Takhar, the Naqi and Gurtipah canals in the Province of Kandoz, and the Khalesah Matun canal in the sub-province of Khust, resulting in the irrigation of 60,000 hectares of land.

During the same period, a total of 437 farm water users committees elected 725 water supervisors and chief water supervisors.

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CSO: 4665/138

AFGHANISTAN

BRIEFS

GOVERNMENT OUTPOST DESTROYED--London, 13 Sep (IRNA)--The Afghan Mujahideen have wiped out a para-military post of the Afghan government in Qargha in west Kabul, said the London-based Afghan Press Thursday. It said the Afghan regime has stationed para-military troops in and around Kabul to check the movement of the Mujahideen. The number of troops depend on the strategic importance of each district. Afghan Press said the Qargha area, the headquarters of the eighth division of the Afghan army in the outskirts of Paghman mountains is a regular target of Mujahideen. The outpost situated in a residential area of Qargha was attacked with ground-to-ground missiles last month and was completely wiped out. In the wake of the attack the Afghan government troops abandoned the area and have never yet made any attempt to retake it. [Text] [Kabul KAYHAN INTERNATIONAL in English 14 Sep 85 p 1]

CSO: 4600/27



IRAN

# MONTAZERI URGES DENOUNCING U.S., ISRAEL DURING HAJJ CEREMONIES

Tehran KEYHAN in Persian 24 Jul 85 p 3

[Excerpt] Qom--On the eve of the great Hajj assembly and for the occasion of Hajj Week, Hojjat ol-Eslam Karubi, the Imam's representative and supervisor of the Iranian pilgrims, and Emam Jamarani, supervisor of the Hajj, Pilgrimage, Endowments, and Charities Organization, met and spoke with Ayatollah al-'Ozma Montazeri.

During this meeting, after the presentation of a report on this year's Hajj welfare and propaganda programs and a discussion of some of the difficulties, Ayatollah al-'Ozma Montazeri wished success to all Hajj officials and employees, especially Hojjat ol-Eslam Karubi, who has been appointed by the Imam as the new Hajj supervisor. He said: Just as the leader of the revolution said, "The Hajj must be carried out with the splendor and greatness which Islam has demanded," and this is a religious and lawful obligation for all Muslims and officials.

## Hajj Ceremonies

He noted: During the Hajj ceremonies, when we are throwing stones at the stoning pillars, this act of worship of ours must show that we are really pelting the devils and enemies of Islam in the political arena. In the same connection, concerning the distinguished Hajj ceremonies, the Koran discusses the disassociation of God and the Prophet from the polytheists of the time, and it is clear that today America, Israel, and all other corrupt powers are polytheists. During the Hajj ceremonies Muslims must disassociate themselves from them and declare their disgust. The government of Saudi Arabia is also aware of this Koranic truth, and it knows that the House of God is first of all associated with Islam and all Muslims of the world. The government of Saudi Arabia is the host of Muslims and is responsible for the proper and Islamic staging of the Muslim Hajj ceremonies. It has the responsibility of using all its resources for carrying out this great tradition of Islam in the same way that the Koran and the Noble Prophet (Peace Be Upon Him) commanded, and as it was done by the Muslims of the dawn of Islam.

## Officials' Manner of Dealing with Pilgrims

He discussed the number of pilgrims and the government of Saudi Arabia's cooperation on other Hajj affairs. He stressed: If the government of Saudi

Arabia is remiss or negligent with regard to the number of pilgrims, other pilgrimage affairs, and what the Koran has commanded, then it will be responsible for whatever discomfort and dissatisfaction may arise for the Muslims and pilgrims, especially the Iranian pilgrims.

He stressed: The Foreign Ministry must place the facts decisively before officials of the government of Saudi Arabia so that, God willing, there will be no difficulties or misunderstandings concerning the Hajj. Concerning the dealings of various officials with the pilgrims, Ayatollah al-'Ozma Montazeri said: On the one hand, the pilgrims are obligated to lawfully and completely respect all government regulations, especially on the pilgrimage, which is an act of worship, with no violations. Violations of the law are forbidden. The commission of a forbidden act, especially on such a divine pilgrimage of worship, is absolutely unacceptable. On the other hand, airport and customs officials must completely observe Islamic principles and ethics, and try not to repeat some of the unfortunate things that were done last year. If they want to inspect, it must be in a reasonable and Islamic manner. They must not damage or destroy the people's property and possessions, and they must abstain from some of the severity and narrow-mindedness which are destructive to the Islamic republic and the revolution. During this pleasant meeting, welfare measures were taken, and Ayatollah al-'Ozma Montazeri was told about the decisions which have been made based on his suggestions last year concerning various Hajj affairs and facilities for pilgrims during the Hajj season and their leaving and returning to the country.

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CSO: 4640/689

IRAN

KARUBI: AGGRESSION OF SUPERPOWERS MUST BE DISCUSSED DURING HAJJ

Tehran KEYHAN in Persian 22 Jul 85 p 2

[Excerpt] Continuing his remarks, the supervisor of the Iranian pilgrims discussed the extensive opposition that arose in some circles whenever political matters were raised at meetings, mosques, and from the minarets during the years of struggle with the former regime by clergymen following the Imam's line. He added: This is a calculated affair which was planned in principle by our enemies, and some friends also unwittingly helped them by using the famous slogan about separation of church and state. Of course, the reason our enemies made this plot is very clear. Imperialism has suffered at the hands of religion everywhere. For example, during the tobacco rebellion a religious magistrate spoiled all their plans with one line and one order, which is a source of pride for us. This is the power of religion, and the imperialists have understood it.

Continuing his remarks, Hojjat ol-Eslam Karubi discussed the spirit which prevails in the Hajj rites. He said: The Hajj is an international and political affair. Just as the Imam says, along with its ceremonies, prayers, gestures, and its philosophy, political matters must be discussed, the problems of Muslims must be studied, and ways to confront plots against Muslims must be planned. Likewise, ways must be found to restore Muslim glory and grandeur there. The Hajj cannot be separated from struggle and holy war, and that movement that took place in Mecca and that sentiment that was in the Ibrahim Khalil's movement are illustrations of this.

Continuing his remarks, the Imam's representative and supervisor of Iranian pilgrims added: If what Islam has demanded is carried out in the Hajj, if the issues of Lebanon, Palestine, Egypt, and aggression in Afghanistan are discussed and if the Muslims concentrate their struggles on the roots of corruption in the world, it is obvious that a great wave would be created in the world, and such a pilgrimage would be a danger to the world's imperialists.

He then discussed the effects of the Islamic revolution, its leadership, as well as the acts of Iran's Muslims on Muslims in other countries. He said: What our Islamic revolution and our Imam have done and are doing is to bring about a new kind of contemplation in the world of Islam. The acts of the Muslims of Iran on the pilgrimage will be fruitful for all Muslims, even the

ones who watch instead of marching in the demonstrations, because even for them the question will finally arise. The very creation of this thought in the minds of Muslims of other countries, and the problems of Muslims must be raised during the pilgrimage, is itself a victory. Therefore, just as our great imam believes, this must be done with the utmost insistence and concern. The important thing is that this is our responsibility, and we must carry out this responsibility in the best way possible. During the pilgrimage, America and Israel's aggression, the invasion of Afghanistan, the oppressed state of Muslims, and the danger of Muslim factionalism must be discussed. Decisive and strong slogans from the Islamic nation against America and Israel will ultimately defeat them.

This movement must continue and grow. We have no doubt that the horizon of victory is bright and near.

Continuing his remarks, the supervisor of Iranian pilgrims addressed Iranian pilgrims en route to the House of God. He said: We must be fully aware of our own position, renown, and characteristics. We must realize that we are not ordinary pilgrims. Each of us is a messenger for the Islamic revolution; therefore our respected pilgrims must observe these characteristics.

Continuing his remarks, Hojjat ol-Eslam Karubi praised the valuable services Hojjat ol-Eslam Kho'iniha, as well as the members of the Imam's delegation have rendered to participants in the memorial seminar. In conclusion, he discussed the presidential voting held during the pilgrimage, and said that one of the important acts during this year's pilgrimage was the turnout of Iranian pilgrims at the ballot box.

At the end of the second day of the explanatory training seminar for members of His Holiness the Imam's delegation, Hojjat ol-Eslam Qera'ati, Imam's representative and supervisor of the literacy movement discussed ways to better carry out the Hajj.

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CSO: 4640/689

IRAN

IRP ORGAN ACCUSES BAZARGAN OF COOPERATION WITH MONARCHISTS

Tehran JOMHURI-YE ESLAMI in Persian 22 Aug 85 p 11

[Text] Engineer Bazargan's telephone interview with a California monarchist television network is one of the National Liberation Front General Secretary's recent "crowning" achievements.

In this interview, he characterized the last presidential elections as completely forced, void, and subversive to popular rule. He declared that, in the view of the National Liberation Front, to participate in these elections is to sign the nation into captivity.

In view of the nature of the National Liberation Front group, remarks such as this from its General Secretary were and are no surprise, because throughout the revolution this group has always stood against the people and the true owners of the revolution with its compromising and treasonous positions.

The Muslim nation of Iran has not forgotten how the National Liberation Front's position prior to the triumph of the Islamic revolution was "The Shah must reign but not rule," in opposition to the overthrow of the wretched Pahlavi regime, and this was at a time when the enemy-shattering cries "God is Great," and "Death to the shah" were reverberating, and every day a group of people was struck down in blood for the crime of being alienated from the shah and his criminal bosses. Even according to the documents and papers published by the National Liberation Front itself, in defending himself against the accusation of opposing the monarchy, Engineer Bazargan said:

Our views concerning the monarchy will even add to its luster and perpetuity, as well as allowing for the production of extraordinary national forces. One of the principles of the Constitution of Iran is the principle of monarchy; it is necessary that we discuss it at greater length and more clearly, to establish that we truly support and agree with it.

After the triumph of the Islamic revolution, the Iran National Liberation Front continued its deviating path with even greater haste because of its nationalist and liberal thinking. During their tenure of rule the National Liberation Front and its General Secretary stood firmly against the people and the friends of the revolution, which at that time included the komitehs, the revolutionary courts, and other organizations arisen from the loins of the revolution, while making friends and compromising with the enemies of the revolution. They appointed people to the country's ministerial jobs and key posts who were either ignorant or foreign spies. Some of them even thought it neither advisable nor useful to implement Islamic law. The National Front's wretched condition and its prostitution to the West cannot be summarized even in several articles.

Suffice it to say that the National Liberation Front's General Secretary got his ways of thinking, studying, struggling, and opposing imperialism, exploitation, and even the revolution from the west!!! (ENQELAB-E ESLAMI, 9/3/58 [25 Oct 1979]).

The nine month rule of Bazargan and his band over the country not only failed to unravel problems for the people, it even caused new problems. These very incapacibilities were the reasons for the interim government's forced resignation. After that, instead of admitting his mistakes and incompetence and returning to the kindly embrace of the people, the National Liberation Front's General Secretary fell into step with the enemies of the revolution. He called the hypocrites orthodox children and a passionate group of believing youth, and he came to terms with Bani Sadr, whom he had once vigorously opposed, agreeing with him on the subject of an uprising against the revolution.

With every step forward taken by the revolution, the National Liberation Front has taken a step backward. Among the factors causing the breach between those devoted to Islam and those devoted to the West, or between the people and the National Liberation Front, are lack of respect for the revolution's great leader, being intensely enamored of the West and especially America, magnifying the revolution's weaknesses, traveling the same direction as the enemies of the Islamic revolution, belittling the three branches of government, calling upon the people to rise up against the country's officials, making the accusation that suppression and despotism rule in the Islamic republic, opposing continued defense by the valiant combatants of Islam, and accusing the revolution of deviating from its true course.

Mr Bazargan's portrayal of the presidential elections as invalid is a legacy he inherited from his orthodox children, the hypocrites and other counterrevolutionary groups. During every election, the method followed by the mini-groups, who were freed from their dark and tiny holes and the webs they were caught in through the grace of the revolution, was either to boycott them from the start or to declare them void after participating and failing to obtain enough votes.

The positions taken by the National Liberation Front in the second Majlis elections as well as the last presidential elections affirm that this group, like the mini-groups cut off from the people, will resort to any kind of lie, accusation, or slander in order to hide its political defeat. In other words, it considered it permissible to use any means or method to obtain power. We remember that the National Liberation Front, knowing that it would not gain a presence in the Majlis in the second round of Majlis elections, tried for several months before those elections were held to form a seminar titled "Obtaining Free Elections," in order to better enable it to justify its probable defeat in the elections.

This group adopted a similar procedure in the recent presidential elections. Several months before the elections it announced that it would participate under certain conditions, and noted that only under those conditions would the presidential elections be credible and lawful. Evidently, the legality of the revolution, the government of the Islamic republic, and any movement the people carry out is subject to authorization from these gentlemen!

Finally, for the presidential elections, the National Liberation Front decided to make Engineer Bazargan its candidate. In a statement dated 30 Tir [21 July] this year, it stated regarding his candidacy that this filing was "not an indication that we consider the conditions of freedom, security, and honesty in the elections to have been practically achieved"! Ultimately the National Liberation Front, which fell behind the orthodox children of its General Secretary and others who have sold out to the East and West in opposing the presidential elections, announced in another statement that it would not participate in the presidential elections. The leaders of the National

Liberation Front thus clearly responded in the affirmative to the subversive complaining of the hypocrites, the monarchists, the Voice of America, Radio Israel, and the old hyena's voice of imperialist radio, all calling in unison for the people of Iran to refrain from participation in the presidential elections.

The satanic propaganda of the world imperialist media, the poison-spreading by the National Liberation Front, and the terrorist and criminal acts of the counterrevolution, especially the American hypocrites, became allies to defeat the presidential elections, but the active participation of the Muslim nation of Iran in these elections added to the despair, hopelessness, and disgrace of the domestic and foreign enemies of the Islamic revolution.

The boycott of the presidential election, which even the BBC acknowledged was a failure, led the enemies to repeat their web of lies, and Engineer Bazargan's latest interview with a monarchist television network in California and his laughable claim that these elections were compulsory is fully comprehensible in this light.

Just as we mentioned previously, portraying the elections as invalid on the part of the National Liberation Front and other counterrevolutionary groups is nothing new, but there are two important points in Engineer Bazargan's interview which are worthy of reflection. The first is, how is it that Mr Bazargan, who claims to have fought the condemned shah's despotic regime, is now prepared to cooperate with a handful of monarchists to oppose the Islamic revolution? Who has really deviated from the revolution's true course, and deviated from truth and justice? Engineer Bazargan's latest claim that the elections are invalid is another indication of his excessive stupidity and ignorance, because if there were truth to such a claim, officials would have surely declared in their own interest that there were more votes cast in these elections than in the last, and clearly the failure to do this shows the complete integrity of the elections and the credibility of the officials of the Islamic republic. The honesty and truthfulness of the recent elections are clear, even for enemies who were treated with precise fairness. However, organizational walls and veils, selfishness, and the thirst for power have blinded Mr Bazargan to these tangible and clear realities.

At the same time, it is well if Mr Bazargan and other National Liberation Front leaders know that these interviews are more useful than anything else for the revolution, for the government of the Islamic republic, and even for those who are in power in this country, because proof of cooperation and like-mindedness on the part of Mr Bazargan and the National Liberation Front with the monarchists has removed the necessity for writing a series of reasoned essays and saved some time as well. Mr Bazargan, however, has demonstrated this cooperation and like-mindedness in one interview, and exposed himself without anyone else doing anything.

Here again we invite Mr Bazargan and those leaders of the National Liberation Front who think as he does to think and reflect, and we call upon them to think before it is too late on the question, why have they clearly joined their voices in unison with America, the British, Israel, Saddam Hoseyn, the hypocrites, the Tudeh sympathizers, and lately the monarchists in enmity against the Islamic revolution and the government of the Islamic republic? There is no problem if the National Liberation Front is opposed to the leaders of the revolution and the government of the Islamic republic and expresses this opposition reasonably, but why let go of the reins, tell lies, and join forces with the monarchists? Wouldn't it be better for Mr Bazargan to think logically a little, to stop standing against the people, and to stop ridiculing what is sacred to them?

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CSO: 4640/737

IRAN

## MINISTER OF HEAVY INDUSTRY GIVES VIEWS OF VARIOUS ISSUES

Tehran KEYHAN in Persian 25 Aug 85 p 1

[Text] Economic Service—Engineer Behzad Nabavi, Minister of Heavy Industries, gave a press conference in which he discussed the accomplishments of this ministry from its inception to date, the overall situation of industry in the country, half-completed projects which have been set into motion, new projects, and the problems and issues in production units.

KEYHAN's economic correspondent reports that the Minister of Heavy Industries began by discussing how this ministry was formed and noting the time it went into operation. He said:

The Ministry of Heavy Industries went into operation in the second half of 1361 [23 Sep 1982 – 20 Mar 1983], and the accomplishments of this ministry have therefore been made from that year to the end of 1363 [20 March 1985].

He added: Our work has focused from the beginning on future planning, and we spent most of the second half of 1361 [23 Sep 1982 – 20 Mar 1983] planning.

The first and most important policy we considered was the transformation of the existing situation in the country's industry to a suitable state, and we concentrated our work around two parallel concerns.

One of these concerns was the desirable utilization of existing capacities, and the second was making efforts to create and expand heavy industry. These are the two programs with which we entered the year 1362 [21 March 1983 – 20 March 1984].

First we saw that billions of tomans had been invested in this sector. Many of them had reached the utilization stage, some were also half-finished, but the primary difficulty was the problem of the production units, which numbered up to 600, many of which had low production and quality, high prices, and were mostly dependent assemblers with wrong patterns of production.

This was the situation in the production units, and we also had similar problems in our projects. The above problems caused the value of government sector production to drop from 28 billion tomans in 1356 [21 March 1977 – 20 March 1978] to 19 billion tomans in 1360 [21 March 1981 – 21 March 1982].



Investments were accordingly made. In 1356 [21 March 1977 – 20 March 1978], 1,300 million tomans were invested in development projects, and this figure decreased to around 660 million tomans in 1360 [21 March 1981 – 21 March 1982]. In this year, the total investment in heavy industry was 11 percent of the entire country's investments.

Engineer Nabavi then said: We began a series of crash programs in 1362 [21 March 1983 – 21 March 1984] which led to the transformation of production in all heavy industries, so that by 1363 [21 March 1984 – 20 March 1985] production increased by 42.5 percent in the government sector and 66.5 percent in the private sector over the year 1356 [21 March 1977 – 20 March 1978].

This is also an answer to those who say that no attention has been paid to the private sector, or that it has not been supported.

As a second step, in order to make good use of the existing situation, we began correcting patterns of production, in the sense that we had a series of units that we could bring to peak production quite easily.

However, we reduced or froze production for units whose products were of little importance, and we increased production for those units whose products were badly needed by society.

In 1363 [21 March 1984 – 20 March 1985], for example, we had increases over the year 1356 [21 March 1977 – 20 March 1978] of 500 percent for combines, 130 percent for mowing machines, 82 percent for mini-busses, 84 percent for mini-vans, 45 percent for tractors, and 13 percent for buses, and in 1363 [21 March 1984 – 20 March 1985] alone passenger car production increased 54 percent over the year 1356 [21 March 1977 – 20 March 1978].

In other words, we greatly increased the production of products useful for agriculture, industry, and transportation. The automobile is the only product which is relatively a consumer good whose production has been increased 54 percent.

Unfortunately, propaganda claims are being made that this increased production in the country's industry was achieved only by increasing production of the Peykan automobile. The statistics I have given show the levels of increased production for products needed by society compared to the Peykan.

#### Product Price Control

The Minister of Heavy Industries then said: The next project that was carried out was one to lower the prices of products. After the revolution, for various reasons, the situation was such that it forced price increases.

Throughout the life of the ministry, we have had price decreases for 13 important products, and for the rest we have stabilized prices with the exception of two or three isolated cases where we have had price increases with authorization from the Economic Council.

Efforts have also been made to raise the quality of manufactured products, and we have improved the quality of 17 important products.

With regard to production and raising the level of domestic manufacturing, efforts have been made, but this takes time. What we do not manufacture domestically cannot be quickly brought into production. Therefore, in this connection we have a list of 250 million dollars in products that we must produce domestically instead of importing.

#### Investment and Completion of Semi-Completed Projects

In the second phase of activity two tasks have been completed, one of which was the completion of semi-completed tasks. As we said, in the year 1356 [21 March 1977 – 20 March 1978], we had around 1,300 tomans budgeted for development projects, which were used for investment.

This figure decreased to 660 million tomans in the year 1360 [21 March 1981 – 21 March 1982], but through great effort we raised it to 2.8 billion tomans in 1363 [21 March 1984 – 20 March 1985].

This investment shows that in this short time we were able to complete semi-completed projects, but I must add that these projects were the country's most important semi-completed projects, such as the Arak machine manufacturing project, the Martyr Raja'i Power Station, which went into production late in 1364 [21 Mar 1985 – 20 Mar 1986], and the tractor manufacturing project, which went into operation last year producing 40 percent of its annual capacity of 20,000 tractors, and which will ultimately reach a capacity of 30,000 tractors in future years.

One stage of the tram and electric motor project is fully completed, and by the end of 1365 [21 March 1986 – 20 March 1987] the entire project will be completed.

Also included are the Heavy Industries Research Center Project in Tabriz which was completed last year, the new truck manufacturing project at the Khavar factory, which opened a few months ago, and several other projects.

All of these projects have either been completed or will be completed in the course of the year 1364 [21 Mar 1985 – 20 Mar 1986]. Thus most of the semi-completed projects have been completed.

Engineer Nabavi discussed the Ministry of Heavy Industries' current projects. He said: From the beginning of the year 1362 [21 March 1983] to the end of the year 1363 [20 March 1985] this ministry has issued 16.7 billion tomans in agreements in principle, of which 13.7 billion tomans went to the private sector.

Again, this is an answer to those who believe that nothing has been done to make possible the growth of private sector industry in the country and that we have favored government control, because this 13.7 billion tomans for the private sector is three times the total for all the agreements in principle that were issued in 1356 [21 March 1977 – 20 March 1978].

In any case, the number of applicants for agreements in principle was 4,527 companies, institutions, and units. Here we also have big projects which require much investment. Of these agreements in principle, 5.2 billion tomans were for only 41 applicants. Since the beginning of the year 1362 [21 March 1983] to the end of the year 1363 [20 March 1985], capital investment for construction permits was 1.75 billion for heavy industry alone.

## New Projects Since the Revolution

Engineer Nabavi then discussed the Ministry of Heavy Industries' new projects. He explained each of them as follows:

The copper products project: Construction work has now begun on this project in Kerman, and it will make useful products from domestic copper which are badly needed by the country.

All of the machinery needed has been ordered from abroad, and its construction is proceeding rapidly.

Other projects are the project to manufacture road construction machinery, the large inter-city and cross-country truck manufacturing project, which has gone into production at the Iran Kaveh Company, and which will replace the American Mack trucks.

Another project is the diesel motor manufacture expansion project in Tabriz, which we are rapidly implementing, with some of the machinery already ordered from abroad.

Another project is the important two-ton truck and double-differential vehicle manufacturing project, which is a huge five-year project for which we have already signed contracts.

Another project is the project to manufacture gearboxes, differentials, and axles for diesel buses, mini-vans, and trucks, which are now being imported, for which contracts have already been signed and the implementation is to begin soon.

For the project to construct freezers at the Tabriz Machinery Factory, the necessary machinery has been installed and it will go into operation during the current year.

In conclusion, he listed other projects, such as the new project to manufacture large machine tools, the project to manufacture foundry equipment and railroads, the project to manufacture land fillers, and others.

9310

CSO: 4640/730

IRAN

PERMANENT DELEGATE AT UN DISCUSSES MAJOR POLITICAL ISSUES

Tehran ETTELA'AT in Persian 29 Aug 85 p 9

[Interview with Dr Raja'i Khorasani; date not specified]

[Text] Political Service—Dr Raja'i Khorasani, Iran's permanent United Nations delegate, gave an interview in which he answered questions from ETTELA'AT's political correspondent concerning ways to meet the danger of an escalated chemical war, Iran's diplomatic support for the Nicaraguan revolution, opposition to the policies of the South African racist regime, the policy of neither East nor West and its achievements, and America's positions on Europe, the Middle East, and Palestine.

Dr Raja'i, who has been in Iran for two or three weeks, received us in his office and talked with us for an hour.

The text of the interview follows below.

ETTELA'AT: Recently a Swiss newspaper article cited instances of Iraq's use of chemical weapons in the war against the combatants of Islam. It said that there is a chance Iraq will use these weapons again in the imposed war. Is Iran's representative in the United Nations, what steps, diplomatic or otherwise, do you think Iran can take to prevent an escalation of chemical warfare?

Raja'i Khorasani: In the name of God, the Merciful, the Compassionate. The decisive and effective steps that may be taken to prevent an escalation of chemical warfare include making Iraq understand that if it uses chemical weapons it will definitely face a response in kind from Iran. This is the most certain method, and there is no other kind of response available, because Iraq, under political pressure, might delay the use of chemical weapons, or it might delay their use because of international opinion, but Iraqi diplomats have officially announced that for "self-defense" they consider any measures lawful. They have also told the Secretary General implicitly and orally "We cannot pledge not to use chemical weapons, because our existence is threatened." Therefore, they will do anything possible, including the use of chemical weapons, in order to protect their own decadent existence. Therefore, the strongest guarantee is for Iraq to know that if it uses chemical weapons, it will face a decisive response in kind from the combatants of Islam. In a similar instance, this was the only guarantee that kept chemical weapons from being used in World War II.

ETTELA'AT: In your view, what kind of diplomatic measures can be taken in this regard?

Raja'i Khorasani: We have already taken all the diplomatic steps that can be taken. The greatest steps available through the United Nations have already been taken through contacts with the Secretary General. Sufficient disclosures have been made, and, on the other hand, casualties due to chemical bombardments have been sent all over the world. In bilateral talks with us many countries of the world have condemned this act, declared their solidarity with us, and affirmed that Iraq was the one using the chemical weapons. In my view, all the diplomatic steps available have been taken. Do you know of any greater or more prominent international authority than the United Nations? Do you know of anyone with more good will in this assembly than Parzduku'iyar? Can you find a more powerful or larger unit than the Security Council?

In short, we have worked sufficiently with any of these organizations that you can name, and they have also declared their positions. The Secretary General has repeatedly condemned the use of chemical weapons, and has issued a statement on the subject. In general, the Security Council has tried to the extent of its ability to condemn these measures, even declaring it a danger for the future. In general, all the diplomatic measures and activities possible have been taken. To date they have also been very effective, but this is no guarantee that Iraq will not use chemical weapons.

ETTELA'AT: As one of our foreign political representatives, what do you view as the chief points in the policy "neither East nor West," and how do you assess its accomplishments?

Raja'i Khorasani: The discussion you are raising is more or less a theoretical one, rather than one having to do with executive authority. Do you want my opinion concerning the meaning of the policy "neither East nor West"?

ETTELA'AT: From your own point of view.

Raja'i: In my view, the meaning of "neither East nor West" is not a political withdrawal from the East and the West. It does not mean that we must not have relations with any countries aligned with East or West, or that we should not have cultural or trade relations. On the contrary, as a revolutionary nation whose revolution is based on the ideology of Islam, which considers itself obligated to introduce the revolution and its ideology to the world, we are extremely interested in having relations as much as possible with the nations of the world, whether in the East or the West. Without these relations, it will be impossible to introduce the values of our revolution to the oppressed world. We have never advocated political isolation in any sense; we want to put our enemies in political isolation. We must therefore be active on the international political scene, whether in bilateral or multi-lateral relationships, in the sense of having a presence, but being active does not mean submission, dependence, or following the policies of the East or the West. We do not want to be aligned with a particular political block, but when we buy goods, for example, we want to select them on the basis of our own interest. Therefore, it is possible that we may place ten advertisements calling for bids to purchase or for contract work on various occasions, or in a transaction we may make bids twice, and we will pursue each one that is in our interest. Our criteria are the interests of the Islamic republic, and we are neither afraid of the East nor of the West. We will deal with both East and West with self-confidence and dignity. Therefore, we do not consider the policy of neither East nor West to mean cutting off relations with nations who are supporters of this or that. We see it as avoiding dependence and commitment to the policies of the East or the West. We want to have an independent political policy based on the ideology of Islam and the values that Islam proposes for foreign policy. The idea "neither East nor West" is thus a basis rather than a goal. It is a course of action and a framework within which we make our foreign policy, and we establish our relations with the

outside world within this framework. As a result, when we establish relations with the nations of the world, we try not to be dependent on either East or West. Therefore, this slogan is the basis for our Foreign policy rather than its goal.

ETTELA'AT: Concerning the issue of apartheid and the racial prejudice in South Africa, you know that recently severe pressure has been placed on the black majority. What steps have we taken in the United Nations to oppose this?

Raja'i Khorasani: We have used all the United Nations resources available to us, and we have stood firmly against apartheid at all sessions of this organization. In our various speeches, statements, and interviews, we have clarified the positions of the Islamic republic over and over again in support of the oppressed people of Africa. In the speeches given during the annual trips from Tehran made by the Foreign Ministry supervised by Dr Velayati, the issue of apartheid and South Africa has always been a central and important point, and parts of his speeches have been devoted to this issue.

In the United Nations third committee, the Human Rights Committee, when the topic of discussion is racism, we do not miss a single opportunity to present the positions of the Islamic Republic of Iran against the racist South African Regime and in support of the oppressed natives of that area. With regard to the Namibia question, which is connected in a way to the South Africa question, our position has always been in support of this country. On the Security Council, the question of South Africa never arises without our giving a speech. Although our general position is clear, we try to make use of every opportunity to support blacks. In our statements, as well as in our public speeches outside the United Nations at universities and various gatherings, we have announced the positions of the Islamic republic in support of the oppressed and against imperialists. In this regard, the political and propaganda resources of the Islamic republic have always been mobilized and equipped to defend colored people and natives living in that part of the world and to attack racism, and this is usually done at the political level.

ETTELA'AT: America has brought pressure to bear against the Nicaraguan revolution. This pressure is applied politically and militarily by surrogate counterrevolutionaries. As Iran's representative at the United Nations, explain Iran's position in support of the Nicaraguan revolution at this organization.

Raja'i Khorasani: Concerning our support for the Nicaraguan revolution, and especially with regard to American pressure on the revolutionary Nicaraguan regime, since the Islamic Republic of Iran's position is to support oppressed people who have risen in rebellion, whenever the question of Nicaragua has been referred in some way to the Security Council, we have supported this country and delivered firm speeches. The position of the Islamic republic concerning revolutionary and truly oppressed nations such as Nicaragua and many African countries is perfectly clear. We defend all those countries, but it is not purely a question of declaring the positions of the Islamic republic. It is a question of America and the Soviet Union squaring off and America saying to the Soviets "Central America and Latin America are my exclusive domain where you must not interfere, and in return we will not interfere in your exclusive domain, the area of Afghanistan and elsewhere." In such dealings as this, the rights of the people of Nicaragua may at times be abused in international agreements, just as the rights of the people of Afghanistan could be abused in international agreements. Therefore, we must view this issue in the context of competition between the world's two major political and military poles, not merely because Nicaragua is a revolutionary country being pressured by America.

ETTELA'AT: Mr Raja'i, in your speeches you have said that America and the Soviet Union, as the two superpowers, each have their own exclusive domains, which each tries to protect. Today we are also faced with the matter of the European continent. How do you assess America's position on Europe?

Raja'i Khorasani: In practice, Europe is divided into two parts, Eastern Europe, which is the exclusive domain of the East, and Western Europe, which is the exclusive domain of the West. The countries of Europe now deal with issues in one way, while America deals with them in another. In creating a common market and bringing about a general political entity called Europe, the countries have tried to give themselves some political, economic, and military respect in order to shake themselves loose from America and stand on their own. For example, with regard to the American installation of missiles armed with atomic warheads in Europe, they can sometimes express opposition and anxiety and not be unconditionally an American area. Here America tries to retain Europe as a flank that it considers allied and affiliated, and it deals with Europe in different ways on different issues. If we were to break the entire issue down in detail, it would become too extensive for this short interview. To mention one case as an example, with regard to disarmament, America tries to use Europe as an excuse and installs its missiles on this continent. It is not worried about its security because it defends itself on European soil. The Europeans, however, are worried that if this self-defense takes place on their continent, they will be destroyed.

Therefore, you can see that here there are special conflicts between the interests of Europe and those of America. America's goal is clear, however. It wants to use Europe as a base to defend the West. Europe has always been a political, military, and economic affiliate of America, in the sense that the West is a single front whose foremost forces are those of a superpower called America, and the rest of the Western countries are affiliates of this front. The Europeans, meanwhile, are trying to reduce this dependence, and this is what you now see in Europe.

ETTELA'AT: What are the differences between Europe and America over the star wars program?

Raja'i Khorasani: The European nations do not have perfectly unified and coordinated positions on the star wars question. Some of them support America's positions quite openly, believing that America must retain its military superiority, in order to be successful in disarmament and arms limitation negotiations with the Russians. Others treat this issue more coolly and calmly.

In my view, France is cooler and calmer with regard to this than England, since England strongly supports America's projects. All of these projects are not military ones. Sometimes they are basically economic, but there are factories and arsenals which exist solely to carry out these projects.

On the surface, the projects are military, but they may have an economic foundation, and the level of economic dependence on America in these countries leads to their taking various positions on these projects. As a result, since England is much more affiliated with America economically, it supports America more than France, while France tries to be more independent economically. Japan likewise has a very good economic situation, and you see that it takes no position and tries to remain silent on the subject.

ETTELA'AT: How do you see America's position on the Middle East and the Palestinian question, in view of its recent acts and reactions?

Raja'i Khorasani: America has several special goals in the Middle East. One is its market, another is this region's oil, and the third is Israel, its child in the Middle East. In my view, this new Zionist child in the Middle East is a means to achieve two other goals, which are its economic objectives and its desire for political influence. If these two objectives are endangered to the point that America is placed in conflict with Israel, I believe that America's support for the Zionist regime can be significantly reduced. You realize that many of those in America who want Middle Eastern markets, oil, and political influence are the same ones who are considered ideological supporters of international Zionism. Therefore, if they see that their support for Israel is destroying their political and economic goals, in this case they will readily reassess their goals. Therefore we must not assume that Israel's support of the Zionists is a matter of faith, as is Muslim support of an Islamic principle. They are traders, and they are concerned with the commercial aspects of all issues.

As for America's chief goals in the Middle East, they are its political and economic interests on the one hand, and support of Israel, which I see as a means to an end, on the other. America takes positions for these goals based on its own interests.

ETTELA'AT: Recently agreements have been made by King Hussein and Arafat on the Palestine issue. How do you think America sees these agreements and leanings that these individuals have shown in negotiations?

Raja'i Khorasani: The problem is deeper than this. If you had followed these talks carefully, you would have seen that when King Hussein or Yasser Arafat proposes that he would like to negotiate with America and ultimately with Israel, he says: The situation now is sensitive and critical. If we give up this opportunity, we will never have it again. However, we want to assess the situation from our own point of view, and ask why this opportunity is sensitive, where the sensitivity of the situation is, and why is King Hussein trying to reach some kind of agreement with Yasser Arafat. My view is that the problem is in Lebanon. They are trying to weaken Lebanon before it delivers another firm blow to Israel, to silence the Islamic movement against Israel in the area with a self-interested compromise, and to achieve some kind of agreement which in itself will later obstruct the progress of Muslims. They are worried about an Islamic solution to the problem of Israel. They have decided to find a nationalistic solution, which is to establish a place under a name like the Land of Palestine, for example, to settle a number of Palestinians there under the influence of Israel, King Hussein, or both, and this in itself is a pretext for saying that the Palestinians are getting their land back, thereby depriving Muslims of the rallying cry of Palestine. This is the treacherous goal which I believe is being carried out with American support and plotting. King Hussein's demand is not his own, but America's. America wants to prevent the expansion of an Islamic solution for the Palestine question. In order to do this, it must find a Palestinian-Jordanian solution, or a Camp David-style solution. The pawns it has chosen to do this work are first of all King Hussein and Yasser Arafat, and in my view they will not be successful.

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CSO: 4640/740



IRAN

OFFICIAL DETAILS CONDITIONS FOR DRAFT, EXEMPTIONS, RELATED ISSUES

Tehran KEYHAN in Persian 22 Aug 85 pp 19, 2

[Text] KEYHAN Political Service—Colonel Khalil Razmju, Gendarmerie Deputy Commander for Military Service, gave an exclusive interview to our correspondent in which he denied the rumor that males born in 1347 [21 Mar 1968 — 20 Mar 1969] would be declared surplus. He announced that all eligible men who have entered or will enter military service after 1 Farvardin 1363 [21 March 1984] will serve only two years of compulsory duty, and that presently no need is felt for these people to serve in the reserves.

Our first question to Colonel Razmju was, in view of the increased term of compulsory duty from 18 months to two years, will those now serving (whether ordinary, high school graduates, bachelor's degrees and higher, or physicians) have to spend six months in the reserves right after completing their two-year tours? He answered:

There are no such plans at present, and I do not think this will be needed. Therefore all eligible men who have entered or will enter military service after 1 Farvardin 1363 [21 March 1984] will serve only two years of compulsory duty.

He was asked, in view of the new law, who among the eligible will be exempt, and what are the steps in each case for obtaining exemption cards?

He said: In general, the exemptions anticipated in the military service law are all the same. All those eligible, whether ordinary, high school graduates, or with bachelor's degrees are at the same level in this regard, and the conditions are the same for all of them. That is if a man with only one son over 18 is disabled and his disability is certified by a doctor, his son is exempt from service. Likewise, the older brother of any mother without a brother or any sister with a younger brother is exempt. Of course, these exemptions are temporary, good for five years. If the conditions creating the exemption still exist after five years, the exemption becomes permanent.

There is also a group of eligible age men who are themselves deficient physically or mentally. If such people have a claim, or if a first physician has so identified them, their deficiency will be reviewed by medical councils which will heretofore be established by local health clinics. If their deficiency is verified they will be exempted.

Of course, there are severe and minor illnesses, and most of those unable to serve have permanent exemptions, except those with temporary exemptions. For example, it is expected that a broken hand will heal within a maximum time of a year. In such cases temporary exemptions are issued, and if the illness persists beyond the maximum period of one year the exemption becomes permanent.

There is an exception in this regard for physicians. Those in this group may obtain a physician's exemption if they are unable to practice medicine.

Concerning educational activities, Colonel Razmju said: Those who enter a university or seminary without absence are allowed an educational exemption as long as they study continuously, but once they interrupt their studies, they are not allowed a further educational exemption under any circumstances, because the law states that an individual is allowed an educational exemption only once, which continues as long as studies continue.

An exception has been granted this year so that students who have interrupted their studies may obtain a second educational exemption, but next year we have no exemptions of any kind for students who have interrupted their studies. A student who stops studying must immediately report to the military service office. Of course, the commander-in-chief of the armed forces has authorized them to take part in competitive admissions tests while serving.

#### Medical Exemptions

Explaining medical exemptions, Colonel Razmju said: An eligible man reporting to the military service office is given a form for recording his data. He is immediately examined by the precinct office physician. If the physician identifies an illness or the inductee declares one, he will be sent to the municipal medical council which is operated by a clinic under the Ministry of Health. If that council diagnoses an illness and it is one calling for a permanent or a temporary exemption, this is recorded on the inductee's data form. If he is diagnosed as healthy, he will be sent into service. The opinion issued by the medical council on the inductee's health cannot be challenged, but if after examination by the council a change occurs in the physical or psychological health of the inductee, he can report to the precinct chief before being sent into service, and if the precinct chief and the chief of the same medical council determine that a change may have occurred in the inductee's health, he will be reexamined by the council and dealt with in accordance with the medical council's second opinion.

#### Exemption During Training and Service

Training centers do not have the right to exempt inductees from service, unless the inductee, in the view of a military physician, has an illness that qualifies for a permanent exemption under the appropriate set of guidelines. In such cases the training center may clear accounts and return the inductee with his assignment papers to the precinct where he was inducted. The precinct assigning the inductee must reexamine the inductee at the medical council. If he is exempt, he will be given an exemption, and if he is considered fit for duty he will be sent back to the training center with a service classification of two, and the training center will no longer be authorized to dismiss such an inductee.

If, however, in the course of serving an inductee becomes ill or loses a limb and is unable to serve, and if the period of treatment is more than six months, the medical councils in the military hospitals can exempt this person from service. Again, the military service office has the right to ask the supreme medical council to reexamine those who have had medical exemptions for six

months and have not completed their treatment, and if the supreme medical council determines that they are able to serve, they will be returned to their original units to resume their former service.

Colonel Razmju continued: If a person flees from service at the training center, the training center will immediately send the inductee's assignment papers to the assigning precinct. Such a person, whether he turns himself in or is arrested, must be sent for service again and start over. If someone flees after training and the period of absence is more than six months and then he either turns himself in or is arrested, in addition to the penalties provided by law and the military punishments, he must also start over with his tour of duty.

With regard to those with temporary exemptions, he said:

Those who have received temporary medical exemptions since 9/10/63 [1 Dec 1984] may report to their induction precincts even before the end of their temporary exemption and have their own obligations clarified.

#### Rumor that Males Born in 1347 [21 Mar 1968 - 20 Mar 1969] Will Be Declared Surplus

The question was asked, in view of the new law, are there men of eligible age who will be declared surplus, and in this regard is there truth to the rumor that males born in 1347 [21 Mar 1968 - 20 Mar 1969] will be declared surplus?

Colonel Razmju said: The new law provides that under no circumstances in the future will we have anyone declared surplus. This rumor recently circulated in society by the counterrevolution is completely false. It was invented and circulated by the counterrevolution, and after Farvardin of 1365 [21 March - 20 April 1986] the status of those born in 1347 [21 Mar 1968 - 20 Mar 1969] will be examined. All males in this country are subject to compulsory military service, unless they fulfill the legal conditions for exemption.

The question was asked, Article 55 of the new law requires the government to submit a bill to the Majlis within six months concerning the care of the families of inductees who are responsible for their families. What is the status of this law now, and how are these inductees being dealt with?

He said: Fortunately, this bill has been prepared. It is now before the Council of Ministers and will soon be presented to the Majlis. The part of the law which concerns eligible men with families and children provides that they not be called in peacetime. Now, with the war, this group will be sent into service.

Concerning the ages of those eligible, Colonel Razmju said: Graduates with a medical degree and those born before the end of the year 1327 [20 March 1949] are exempt from service. Those with bachelor's or graduate degrees born after 1334 [21 March 1955 - 20 March 1956] are eligible. All others of eligible age (ordinary and with high school diplomas and higher) born after 1338 [21 March 1959 - 20 March 1960] are eligible for induction. Every Iranian male becomes eligible for induction on the 1 Farvardin [21 March] of the year he turns 18.

He added: Compulsory military service must definitely exist in the military and police forces, and service in any other organization, in no matter what form, will not qualify for compulsory military service, unless individuals serving in the armed forces are ordered to serve elsewhere as exceptions by the commander-in-chief of the armed forces.

## Facilities Issuing Certificates of Eligibility for Service

Regarding the issuance of certificates of eligibility for service, arrangements have been made so that when individuals report they will wait no more than an hour or two to receive their certificates, and no documents will be required of them other than a photo and a photocopy of their identification. If there are persons, however, who have previously reported to the precincts and had files made or have already served as soldiers and deserted and report anew, they must realize that as soon as such a thing is learned, even if they have already served two years on the previous certificate, they will have to return to their original unit and begin their service over because of having reported dishonestly.

With regard to eligible men in hiding, Colonel Razmjû said: Under the new law we have no authorization to imprison eligible men in hiding. A series of social deprivations have been provided. Unfortunately, people have not yet perceived the depth of this matter. They do not realize how life will be in society with these deprivations for those who fail to report.

Now, since the deprivations have only been in force a short time, people can still report, and since fortunately the period of absence is not yet great there is still a chance for leniency, but this possibility will not exist under any circumstances in the future. Since orders to arrest eligible men who have failed to report will be in effect in public places and roadways, those born after 1338 [21 March 1959 - 20 March 1960] must definitely have the documents pertaining to their military service with them, and it is in the interest of their families to encourage them to report.

## Status of Eligible Men of One Family

Colonel Razmjû said: The law provides that in a family with two or three eligible brothers, one may not be sent for military service until one or two of the others return from service. This right remains in force as long as this individual does not go into service. If people do not use this right that the law has provided and go into service and then ask for that right, they will not be excused from service under any circumstances.

The law exempting one person from a family with martyrs has been enacted and is being implemented. In the new law, for those families with members who have been wounded, captured or maimed, very limited exemptions have been provided. The Majlis is now studying a plan to allow one member of a family with a handicapped member who cannot care for himself to be exempted. In families with a maimed member, when that member's situation is clarified one member of the family will be exempted. Since that law cannot be invoked now, a set of guidelines has been issued allowing persons in such families to obtain their certificates of eligibility in Mehr 1365 [23 Sep - 22 Oct 1986], thus preventing them from being considered fugitives. God willing, during this period the law will be enacted and they will be able to obtain exemptions.

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CSO: 4640/734

IRAN

INDUSTRY'S ECONOMIC ROLE SINCE REVOLUTION REVIEWED

Tehran KEYHAN in Persian 29 Aug 85 p 22

[Text] Economic Service—The sixth day of Government Week has been named Government, Industry and Mines Day.

The report presented below is devoted to the role of industry in the country's economy since the triumph of the Islamic revolution. It covers the movement of the wheels of industry in the production units in view of the problems and difficulties, and studies the levels of production and sales for the various units in the industrial sector.

The issues and problems concerning this can be divided into economic, political, and social groups. In the economic group, strikes in 1357 [21 March 1978 – 20 March 1979] closed most production units. These dependent units—sometimes 100 percent—had to be immediately put back in order by officials from the Islamic republic and set into motion again. Not in the way they had operated before, however, but for the sake of economic independence, attaining self-sufficiency and loosening the chains of dependence.

In the political group, foreign agents and domestic enemies of the revolution effectively produced work slowdowns and stoppages in the units by interfering in unit affairs.

In the social group, due to empty warehouses, lack of spare parts and other problems the units lost their ability to earn money and pay their bills, and along with the other two groups, this group became a great obstacle in the path of the revolution. This is where the revolutionary council acted precisely and effectively by assembling a group of young and orthodox managers and putting them at the head of selected units; then by enacting the Industrial Preservation Law the council firmly blocked the wave of assaults and difficulties from the three problem groups cited above.

As this process full of ups and downs continued, the wheels of the country's industry slowly began to turn. During this period the accomplishments of the units may be characterized as follows:

Among units within the National Industries Organization, if we take the year 1356 [21 March 1977 – 20 March 1978] as the base year, the production indicator in 1357 [21 March 1978 – 20 March 1979] was 85 percent, in 1358 [21 March 1979 – 20 March 1980] it was 79 percent, and in 1359 [21 March 1980 – 20 March 1981] it was 77 percent, which shows a decline in production through these years.

We see similar statistics among the companies and factories within the Iran Industrial Expansion and Reconstruction Organization.

Among the units within the purview of the National Industries Organization, while the production indicator was 77 percent in the year 1359 [21 March 1980 – 20 March 1981], it reached 93 percent in the year 1360 [21 March 1981 – 20 March 1982]; then in 1361 [21 March 1982 – 20 March 1983] it reached 106 percent, increasing in 1362 [21 March 1983 – 20 March 1984] to 127 percent and to 140 percent in 1363 [21 March 1984 – 20 March 1985].

Among the units within the Iran Industrial Expansion and Reconstruction Organization, in its six groups we saw many losses in the year 1359 [21 March 1980 – 20 March 1981]. In the transportation equipment group, in the year 1360 [21 March 1981 – 20 March 1982] losses dropped from 11,288 million rials to 2,293 million rials. The same year in the motors and propulsion devices group losses of 871 million rials were converted to a profit of 1,187 rials. We also see reduced losses for the various units in the other groups in this sector.

With the formation of three new ministries, the government's chief policies may be listed as follows:

- The expansion, creation, and reconstruction of (oil) installations, industries and mines.
- The expansion, independence, and just distribution of industrial and mineral resources for the procurement of society's basic needs and achieving full employment.
- Increased quantity and improved quality for industrial and mineral products and derivatives.
- Greater concern for mother industries and the manufacture of needed machinery, parts, and equipment.
- The utilization of advanced knowledge, technology, and commerce, and strengthening the spirit of study and publication in the country's industries and mines.
- The attainment of independence and self-sufficiency in the areas of industry and mines.
- Preservation of the country's mineral reserves, striving to make better and more proper use of these God-given gifts, and passing them on to future generations.
- Giving attention to mines as sources of needed raw materials for agriculture and industry.
- Improving and extending industrial and mineral production lines, and increasing their production capacity.
- Expanding exploration activities for minerals and extracting underground resources.
- Construction of vital new installations, and expanding the network of peoples services in the various industrial and mining sectors.
- Preserving and strengthening domestic industries.
- Attracting and guiding capital investment in the industrial and mining sectors.

- Creating and expanding industrial units in deprived parts of the country.

### A Look at the Ministry of Industry's Goals and Plans

Despite the economic embargo, problems arising from the imposed war, currency limitations, and other problems and malfunctions, the Ministry of Industries has begun extensive efforts to achieve self-sufficiency and cut the roots of dependence in the country's industry. In this work effective steps have been taken to build, expand, and start industries in most parts of the country, especially the deprived areas.

The most important and sensitive sector in the Ministry of Industries is the Iran National Industries Organization, under whose authority are most of the country's production units and factories. The groups it includes are the food, textiles, shoe and leather, pharmaceuticals, cellulose, chemicals, construction, electrical, and cement industries.

In the year 1359 [21 March 1980 - 20 March 1981] the food industries group had the lowest level of production at 79 percent, but from 1360 [21 March 1981 - 20 March 1982] to 1363 [21 March 1984 - 20 March 1985] this group's level of production increased with annual indicators of 88, 102, 111, and 122 percent compared to the year 1356 [21 March 1977 - 20 March 1978].

In the year 1358 [21 March 1979 - 20 March 1980] the textiles group had the lowest level of production at 85 percent, but this figure increased to 156 percent by the year 1363 [21 March 1984 - 20 March 1985]. The other groups in this sector had production decreases in the years 1358 [21 March 1979 - 20 March 1980] and 1359 [21 March 1980 - 20 March 1981], showing increases in the years thereafter.

In the Ministry of Industries an important part of the manpower and effort in the units is allocated to research. So far 70 self-sufficiency and research units have been formed in the public industries and 60 non-government industrial research centers have been formed with cooperation from Iranian researchers and specialists.

### Moving Towards Self-Sufficient Industry

The Ministry of Industry has done planning in order to make proper and rapid progress towards industrial self-sufficiency. This planning includes guiding the people to create industry which relies on domestic machinery and raw materials and does not require foreign exchange, and guiding the people to use export foreign exchange to import machinery and parts needed for factories.

In order to attract the private sector and make use of idle currency, this Ministry has also issued a great many agreements in principle for the construction of industrial units. It issued 13,389 agreements with investments of 713.9 billion rials. In addition it issued permits for the construction of 7,356 production units with capital investments of 193.1 billion rials, and it issued identification cards for 4,505 other units with investments of 78.3 billion rials.

### Iran Standards and Industrial Research Institute

In order to promote a culture of standards and quality control and encourage efforts to establish standards, training, and the establishment of required and recommended standards, the Iran Standards and Industrial Research Institute was established.

In the area of industrial research, during the period between the years 1360 [21 Mar 1981 – 20 Mar 1982] to 1363 [21 Mar 1985 – 20 Mar 1985] this institute launched 15 research projects needed by the country's industry, and a number of them have now been completed.

#### Iran Handicraft Industries Organization

The last portion of the Ministry of Industries is allocated to the Handicraft Industries Organization.

The goals of this organization are to expand and propagate handicraft industries in the urban and rural areas and to provide training, technical, and commercial services to the country's more than 60,000 industrial families in 650 villages in deprived areas.

Its activities include the purchase of more than 4,607 million rials in handicraft and rural products during the period between the years 1360 [21 Mar 1981 – 20 Mar 1982] to 1363 [21 Mar 1985 – 20 Mar 1985], the sale of more than 5,255 million handicraft products during this period, the construction and inauguration of 203 new projects, and the implementation of a project to reconstruct handicraft industries for war-stricken areas in four provinces.

#### Formation of Ministry of Heavy Industries

The Ministry of Heavy Industries was formed and went into operation in the second half of the year 1361 [21 March – 22 September 1982].

The factors requiring the formation of this ministry include the importance of the production sector relative to the other economic sectors, especially the service sector in the government of the Islamic Republic of Iran, the necessity of expanding industrial activities, especially in the capital and mother industries, the specialization of various industrial fields in the world in view of the technological advancements of recent years, the necessity of separating the metals capital industries from other industrial fields under the heading of heavy industries in order to exercise better management and control so as to expand that sector's activities, the expansion of various fields of industrial activity and of the primary role played by such industries as sheet metal, foundries, machinery manufacturers, blacksmithing, and vehicle manufacturers, in view of the daily expanding number of production units under the ministry and the role they play in attaining industrial independence for the country, the many issues and problems of industry in general and the heavy industries in particular which have led to reduced production for most of the products of heavy industry, especially in the early years of the Islamic revolution, the reduction of added value and related issues in this sector of the country's industries, and finally the nationalization of most of the major industries after the triumph of the revolution and the necessity for greater control and consistency of decision-making pertaining to these industries.

Therefore on 10 Khordad 1361 [31 May 1982] the Ministry of Heavy Industry began working in the areas of machinery manufacture, foundries, sheet metal, and motor manufacture.

At the outset the Ministry of Heavy Industries worked to make effective plans toward the basic goal, which was to transform the existing situation in the country's industry to a desirable one, and it set out to complete half-completed plans and plan new projects.

In the year 1362 [21 Mar 1983 – 20 Mar 1984] this ministry began working with constant effort on a crash program to remove obstacles and difficulties for more than 500 production units involved in the above areas.



The implementation of the above plans led to a transformation in production for the heavy industries, so that production in this sector increased 42 percent in the public sector in the year 1363 [21 Mar 1984 – 20 Mar 1985] over the year 1356 [21 Mar 1977 – 20 Mar 1978], and 66.5 percent in the private sector.

Another of this ministry's important objectives was to reduce the production of goods whose production had been increased under the former regime in order to lead the country to consumerism.

Offsetting these reductions, effective increases were made in the production of strategic products needed by society. Examples are the 500 percent increase in the production of combines in the year 1363 [21 Mar 1984 – 20 Mar 1985] compared to the year 1356 [21 Mar 1977 – 20 Mar 1978], the 74 percent increase in the same period in the production of mini-vans, the 130 percent increase in the production of mowing machines, and the 82 percent increase in the production of mini-buses.

At the same time, in order to create and expand industry it issued more than 5,427 agreements in principle after making technical and economic studies of applicant projects, with total investments of 16.7 billion tomans.

Of the above investments, 13.7 billion tomans were allocated to the private sector, with 54 thousand new jobs anticipated.

#### Ministry of Mines and Metals

The third sector involved in turning the wheels of the country's industry is under the Ministry of Mines and Metals, which began operating under the 4 Mordad 1360 law [26 July 1981] passed by the Majlis.

Because this ministry has control of the country's mines, it is one of the government's most important levers for obtaining raw materials needed by various industrial sectors.

According to law, this ministry is responsible for carrying out the following tasks:

- The expansion of activities in geology, exploration, and mines utilization.
- The construction, utilization, and expansion of metallurgical industries (metals production, cast and sheet-metal).
- The enforcement of mining laws and regulations.
- The design and implementation of programs for education and training.
- Planning to achieve the above goals.

The Ministry's most important sector is the geology organization, which is responsible for developing the country's mines.

This organization has also been strikingly active in preparing geological maps, including the preparation of geological maps on various scales and a map of the Middle East.

This ministry is carrying out several big iron and steel foundry projects, including:

Projects to expand the Esfahan iron foundry, the Ahvaz steel complex, the Mobarakeh steel complex, the Iran National Steel Industries Group, the Sar Cheshmeh Copper Complex, and the Iran Aluminum Corporation.

During the period between the years 1360 [21 Mar 1981 – 20 Mar 1982] to 1363 [21 Mar 1985 – 20 Mar 1985] the Ministry of Industries and Mines transferred more than 140 mines to the private sector, 25 mines to the cooperative sector, and 15 mines to the public sector. A significant point is the low level of the mines turned over to the cooperative sector. In view of this ministry's new program, it is appropriate that level three as well as level two mines be turned over to the private sector, and for more of the country's mines to be placed in the cooperative sector.

The creation of a service company and the expansion of Iran's mines is another step that has been taken in this ministry, so that more mines could be identified and utilized.

This ministry's activities include the formation of a Supreme Mines Council, a Consultative Council for Mines Planning, the formation of self-sufficiency cells, the establishment and formation of an exploration services company, and four government companies for the expansion of exploration and mining activities in the country's remote areas, the design of a project to use lead and zinc mine waste products, a project to reduce the phosphor and sulphur in the smelting furnaces, and other things.

**Table of Profits and Losses for Factories**  
Under the Iran Industry Reconstruction and Expansion  
Organization for the years 1356 – 1360 (Millions of Rials)

Name of Group	1356 [21 Mar 1977–20 Mar '78	1357 [21 Mar 1978–20 Mar '79	1358 [21 Mar 1979–20 Mar '79	1359 [21 Mar 1980–20 Mar '81	1360 [21 Mar 1981–20 Mar '82
Transportation Equipment	14,270	(1,429)	(17,088)	(11,288)	(2,293)
Motors and Engines	707	(305)	(1,318)	(871)	1,187
Machine Manufacture	(430)	(3,311)	(6,727)	(7,346)	(5,575)
Equipment Manufacture	936	(570)	(2,239)	(2,052)	(1,775)
Casting and Blacksmithing	42	(320)	(1,405)	(1,773)	(1,504)
Sheet Metal and Metals Forming	2,090	2,006	(965)	(2,503)	(4,756)
<b>Total</b>	<b>17,620</b>	<b>(3,974)</b>	<b>(29,742)</b>	<b>(25,833)</b>	<b>(14,716)</b>

IRAN

## ARTICLE DISCUSSES COTTON PRODUCTION, EXPORT MARKET

Tehran KEYHAN in Persian 25 Aug 85 p 15

[Text] Cotton is an important strategic product with special importance in the agricultural industry and economy, and in addition, this crop is an important source of income for our farmers. It has a principal role as a raw material for the country's textile industries, for the cotton cleaning factories, cotton oil pressing mills, soap-making, and spinning. Moreover, in the past cotton was one of our country's most important exports, and was the most important non-petroleum source of foreign exchange.

After the revolution, for various reasons the cultivation and production of cotton declined, which stopped cotton exports and gave rise to disorder in the related industries. With steps that have been taken by the Ministry of Agriculture, the cultivation and production of cotton began to rise again in 1361 [21 Mar 1982 - 20 Mar 1983], so that there had been significant increases in cotton production by the year 1363 [21 Mar 1984 - 20 Mar 1985], not only meeting domestic needs, but also making it possible to export again.

Unfortunately, however, various factors producing stagnation in the cotton market have given rise to a number of problems for cotton farmers and related industries, especially cotton cleaning factories and spinning mills. In the present report, prepared by the ZEYTUN magazine research group and printed in its Tir [22 June - 22 July] issue, an effort has been made to summarize the issues and problems related to the cotton market, and to clarify the reasons they have arisen for cotton growers and the related industries.

### Area Under Cultivations

In the years prior to the revolution, in addition its importance as a source of raw materials for textile, thread, and oil-pressing mills, cotton was an important source of foreign exchange, so that more than half of the cotton cleaned in the country's cleaning factories was marketed abroad. Thus, the unstable amount of cotton cultivation was mainly effected by the instability of cotton prices and demand on the world market. This factor caused the expansion of the area of cotton cultivation to 369 hectares in 1353 [21 Mar 1974 - 20 Mar 1975], the largest level during the last decade. The relationship between the international demand for cotton and its production in Iran continued until 1358 [21 Mar 1979 - 20 Mar 1980]. That year, despite a strong international cotton market, due to the fact that the peak activity of the revolution during the last months of the year coincided with the season for preparing the ground and obtaining materials for cultivating this crop, cultivation dropped to an area of 215,000 hectares, producing 321,000 tons of cotton. This led to the legal prohibition of cotton exporting in Azar of 1358 [22 Nov - 21 Dec

1979]. From that time on the cultivation of cotton followed special post-revolutionary domestic conditions, far away from the effects of the international market. The most important effective issues for cotton cultivation since the revolution are the following:

- The flight of the large landowners in the cotton-growing areas, especially the areas of Gorgan and Gonbad.
- The fragmentation of extensive mechanized cotton plantations.
- The unsuitable administration of agricultural institutions.
- The lack of interest in cotton cultivation due to labor problems.
- The low level of income from this crop in comparison with that produced by activities in other sectors.

These factors as a group, in addition to other factors, lowered the area of cultivation to 145,000 hectares and lowered production to 204,000 thousand tons in 1359 [21 Mar 1980 - 20 Mar 1981].

The scandalous decrease in the area of cotton cultivated in the two years after the revolution led to decisions designed to encourage farmers to cultivate more cotton. Among the steps that led to increased cotton cultivation in 1360 [21 Mar 1981 - 20 Mar 1982] and 1361 [21 Mar 1982 - 20 Mar 1983] were the announcement of guaranteed cotton prices, the provision of cash assistance to cotton project contractors, and the distribution of cotton stocks. The area of cotton cultivation in those two years was 194,000 and 205,000 hectares respectively. As is shown in Table Two, the price of a kilogram of number one unginced cotton in 1359 [21 Mar 1980 - 20 Mar 1981] was more than 75 rials, and it reached 87 and 109 rials in the years 1360 [21 Mar 1981 - 20 Mar 1982] and 1361 [21 Mar 1982 - 20 Mar 1983] respectively.

In 1362 [21 Mar 1983 - 20 Mar 1984], despite the 25 percent increase in the guaranteed price for unginced cotton and measures such as the distribution of free pesticides, the awarding of prizes, and the distribution of remaining stores, the area under cultivation decreased again. This was mainly due to the decrease in income for cotton farmers compared to that for many competing crops, especially summer crops and rice, the high cost of producing this crop, and the uncertain situation regarding land ownership, which led to decreased investment.

In 1363 [21 Mar 1984 - 20 Mar 1985], on the basis of the latest reports from the Cotton and Oil-Bearing Seeds Organization, the area under cultivation increased 14.7 percent to 211,000 hectares and production increased 15 percent to 250,000 tons, while the guaranteed price for unginced cotton increased from 100 rials in 1362 [21 Mar 1983 - 20 Mar 1984] to 120 rials in 1362 [21 Mar 1983 - 20 Mar 1984].

The reasons for the expanded cultivation and increased production of cotton in 1363 [21 Mar 1984 - 20 Mar 1985] were increases in the guaranteed price for unginced cotton, the establishment of encouragement prizes, the distribution of pesticides, seeds, and fertilizer, greater quantities of storage and their timely distribution, the anticipation and timely reaction to cotton pests, and finally the establishment of restrictions on the cultivation of lucrative summer crops in the areas of Gorgan and Gonbad.

## Cotton Exports and Imports

Until 1358 [21 Mar 1979 – 20 Mar 1980], cotton was one of Iran's chief exports and one of the chief non-petroleum sources of our country's foreign exchange. In the year 1354 [21 Mar 1975 – 20 Mar 1976], with the export of 154,000 tons of this product, 9,565 million rials of foreign exchange were obtained, which was 23.5 percent of the value of the country's non-petroleum exports.

Cotton's average share of the value of all the country's non-petroleum exports through the years 1354 [21 Mar 1975 – 20 Mar 1976] to 1357 [21 Mar 1978 – 20 Mar 1979] has been estimated at more than 20 percent. In 1357 [21 Mar 1978 – 20 Mar 1979], as a result of reduced production caused by lowered exports, this figure was restricted to 9.5 percent. After the month of Azar of 1358 [22 Nov – 21 Dec 1979], due to reduced production and the need on the domestic market, the export of cotton was prohibited.

On the other hand, due to the domestic need for varieties of cotton, fibres, thread, and cotton textiles, every year currency was spent to import these goods. Imports of these goods, which increased from the years 1354 [21 Mar 1975 – 20 Mar 1976] to 1356 [21 Mar 1977 – 20 Mar 1978], decreased from the year 1357 [21 Mar 1978 – 20 Mar 1979] to 1359 [21 Mar 1980 – 20 Mar 1981], concurrent with the peak of the revolution and the special problems that followed it, began increasing again in 1360 [21 Mar 1981 – 20 Mar 1982], reaching the significant level of 63,000 tons in 1362 [21 Mar 1983 – 20 Mar 1984].

### Cotton Market Issues in 1362 [21 Mar 1983 – 20 Mar 1984]

As has been said, following the reduced cotton production in 1358 [21 Mar 1979 – 20 Mar 1980] and 1359 [21 Mar 1980 – 20 Mar 1981], and as the result of the export ban, the government sought renewed expansion of the cultivation of this crop, which ultimately led to a crop of 250,000 tons of unginned cotton in 1363 [21 Mar 1984 – 20 Mar 1985], the largest crop for the years following the revolution.

The relative increase in the area under cultivation and the production of cotton took place through the exhaustive efforts of the cotton workers of Gorgan and Gonbad, the endurance of all the problems, difficulties, and heavy costs of production, and likewise despite relatively high prices for crops replacing and competing with cotton. However, with the opening of the cotton harvest season, a number of problems in the market for carded and unginned cotton became evident, which are summarized below.

### Cotton Gins

With the beginning of the cotton harvest season, which is in the middle of the month of Shahrivar [23 August – 22 September] in the Gorgan and Gonbad regions, the market for unginned cotton was stagnant, because cotton workers and factories were waiting for the announcement of guaranteed prices for unginned cotton and stabilized prices for ginned cotton. About a month into the harvest season in the middle of the month of Mehr [23 September – 22 October] these prices were announced by the government. Thereafter the cotton cleaning factories accelerated their activities and made up for the delays in the month of month of Mehr [23 September – 22 October] in the month of Aban [23 October – 21 November] so that there was an increase in the purchase of unginned cotton and the amount of cotton cleaned in Aban of 1363 [23 October – 21 November 1984] compared to the previous year. This trend continued through the months of Azar [22 November – 21 December] and Dey [22 December – 20 January]. The number of

factories in operation in Mehr 1363 [23 September – 22 October 1984] was less than for the same period of the previous year, but in subsequent months there was not a great difference between the number of factories in operation then and in the previous year. The amount of cotton cleaned by the end of Dey 1363 [22 December 1984 – 20 January 1985] had reached 255,000 tons, and the amount of carded cotton reached 81,000 tons, increases of 55,000 tons and 20,000 tons respectively over the previous year.

With regard to the problems in the cotton cleaning factories, it must be said that their chief problem (aside from the technical problems) is the failure to buy carded cotton on the part of the spinning and textile mills, and the failure to buy cotton seeds on the part of the oil factories. Besides the fact that this led to the warehousing of carded cotton by the factories and a reduction in the resources available for cleaning cotton, it also reduced their financial capability, which in turn had an effect on the purchases of unginned cotton from cotton growers. The temporary purchase of unginned cotton by the province bank was a positive factor in this situation, but it could not solve all the problems. On the basis of statistics and publications, the cotton cleaning factories have operated normally in recent years, bearing the responsibility of purchasing unginned and cleaned cotton.

### Spinning Mills

Spinning mills play an effective role in the purchase of unginned cotton, as well as speeding the technical and financial activities of the cotton cleaning factories. In 1362 [21 Mar 1983 – 20 Mar 1984] these plants were facing stagnation. Their production thread was still in the warehouses, and had not been sold. As a result there was a shortfall compared to the previous year in their activities for the purchase of carded cotton and converting it to thread. Moreover, alleviated anxiety for the factories due to increased cotton production was effective in causing reduced demand for cotton.

### Textile Mills

The manner of procuring raw materials for textile mills, and the consumer market for textiles have an effect on the continued operation of these factories. These factories use two kinds of raw materials, cotton fibres and synthetic fibres, and the use of both of them depends on factors having to do with the level of cotton production, the production of synthetic fibres, imports of cotton threads and synthetic fibres, the price of each of these materials and the ease of obtaining them, as well as the technical ease of the conversion processes involved. In other words, the above factors determine the demand from textile mills for cotton or synthetic threads (substitutable component goods). The most important factor in determining the demand from textile mills is the price of the substitutable goods.

On the other hand, textile mill production also depends on market demand, which is determined by textile products and textile imports. Of course the price of production textiles made from each of the component goods (cotton or synthetic threads) has an effect on the demand for them from textile mills. In short, under circumstances in which it is not possible to export cotton, the purchase of unginned cotton from growers depends ultimately on the demand from textile mills.

In 1363 [21 Mar 1984 – 20 Mar 1985] the textile mills had no difficulty because of increased cotton production, increased production of synthetic threads, and increased imports of synthetic threads. This is underscored by the fact that cotton production increased by 50,000 tons and the production of synthetic threads increased by 30,000 tons. Clearly, in terms of their prices and

technical characteristics, the textile mills prefer synthetic threads over cotton, first because the price is significantly lower and second because synthetic thread is superior to cotton for the textile mills due to its ease of use, manner of procurement, and level of losses.

#### Textile Import and Production

Statistics on textile production show that the country's textile mills have leaned towards the production of fabrics with synthetic threads in recent years. On the basis of this information, the production of cloth from cotton fibres decreased from 139 million meters in 1356 [21 Mar 1977 - 20 Mar 1978] to 110 million meters in 1362 [21 Mar 1983 - 20 Mar 1984] (around 21 percent), while production of fabrics from synthetic fibres increased from 175,000 tons to 211,000 tons (34 percent) and the production of fabrics made from both natural and synthetic fibres increased 10 percent. Likewise, in terms of the percentage of total production for each type of fabric in terms of the type of fibre, changes unfavorable to cotton have occurred.

On this basis one may conclude that the increasing tendency by the textile mills to use synthetic fibres is an effective factor in the decreased demand for cotton fibre.

Textile imports are also a determining factor on the production of textile mills. Textile imports have increased in the last two years, reaching 76,000 tons in 1362 [21 Mar 1983 - 20 Mar 1984], an approximate 128 percent increase over 1361 [21 Mar 1982 - 20 Mar 1983]. This factor, along with increased domestic production, led to the end of rationing for textile products.

#### Production and Imports of Synthetic Fibres

Figures show that the production of synthetic fibres in 1362 [21 Mar 1983 - 20 Mar 1984] was twice that of 1361 [21 Mar 1982 - 20 Mar 1983] and seven times that of 1356 [21 Mar 1977 - 20 Mar 1978]. With the inauguration of the Poli-Akril Factory in 1359 [21 Mar 1980 - 20 Mar 1981], the production of synthetic fibres increased from 850 tons in 1356 [21 Mar 1977 - 20 Mar 1978] to 60,000 tons in 1362 [21 Mar 1983 - 20 Mar 1984], and it is estimated that its production in 1363 [21 Mar 1984 - 20 Mar 1985] will increase significantly. Unprecedented imports of synthetic fibres in 1362 [21 Mar 1983 - 20 Mar 1984] are another factor limiting the demand for cotton, so that according to the Foreign Markets Statistics Yearbook for 1362 [21 Mar 1983 - 20 Mar 1984], around 300,000 thousand tons of synthetic fibres were used by domestic spinning and textile mills, an 80 percent increase over the previous year.

In the years 1362 [21 Mar 1983 - 20 Mar 1984] and 1363 [21 Mar 1984 - 20 Mar 1985], imports of synthetic fibres as well as the production of copper showed striking increases. This led to decreased demand on the part of the textile mills for cotton in 1363 [21 Mar 1984 - 20 Mar 1985]. In other words, this year's cotton crop exceeds market demand.

Concerning the demand for cotton it may be said that in the first market season of 1363 [21 Mar 1984 - 20 Mar 1985], the market was saturated with cotton and the cotton growers, and spinning mills, and cotton cleaning factories all had surplus cotton. In other words, some of the growers' unginned cotton, the carded cotton and cotton seed held by the cleaning factories, as well as the thread held by the spinning mills was never sold, indicating insufficient domestic demand (under existing circumstances, in view of the very important issue of the import and production of synthetic fibres) for cotton. These factors led to a drop in the price of unginned cotton to a level slightly below that of the guaranteed prices.

In other words, on the one hand the government's policy of encouragement along with the efforts of farmers achieved the goal of increased cotton production in 1363 [21 Mar 1984 - 20 Mar 1985], but on the other hand the excessive increase in the importation of synthetic fibres and fabrics, along with the increased demand for synthetic fibres, led to the decreased demand for cotton. Ultimately, the problems arising from this situation of reduced demand and prices for cotton will be reflected among the cotton growers, who will be left with cotton on their hands.

Despite the government's policy to increase cotton production, there is no coordination of any kind among the various administrative organizations who are in some way involved with cotton and the related issues. The lack of coordinated planning, increased cotton production, the need of factories (textile and spinning mills) for cotton, and the production and import of synthetic fibres (as a substitute raw material) affirm this matter even statistically.

A perfect example of this policy, that is the contradiction between production and import policies, is found in the case of the cotton seed. While most of the raw materials used by the oil factories are imported as component materials, the oil factories have used various maneuvers to avoid purchasing cotton seed from the cotton cleaning factories, yet before the revolution the oil factories were required to obtain at least 10 percent of their raw materials from domestic production.

In a market ruled by supply and demand, placing emphasis on one part of this whole (the supply of cotton) and the failure to organize and plan the most important part, the demand for cotton, has led to a market in disarray, which first of all is causing many difficulties for cotton growers, cotton cleaning factories, and spinning mills, and even causing the failure of some of them, especially the weaker ones. Second, the government has adopted a shorted-sighted and unplanned policy, which includes the authorization to export cotton. In view of the fact that cotton production had been estimated early in the planting season, while on the other hand industrial domestic need for this product and stocks of imported fibres and textiles were also known, the surplus of production over domestic demand could have been predicted, and on this basis a cotton export policy allowing for the export of precise quantities could have been established and been an effective factor in preventing the emergence of the problems besetting the cotton market.

In general, the conclusion may be drawn that the main reason for the reduced demand for cotton is the excessive importation of synthetic fibres, which was in turn influenced by numerous factors such as the low cost of synthetic fibres compared to the price of cotton and probably the special aspects of currency and foreign purchases. There is no logical and convincing economic explanation for increasing the importation of synthetic fibres in 1362 [21 Mar 1983 - 20 Mar 1984] to twice the levels of the previous year, with no regard for the increased domestic production of domestic fibres and the increased production of cotton. The figures for the importation of cotton, cotton fibre, and the level of their increase in 1362 [21 Mar 1983 - 20 Mar 1984] also affirm the existence of problems with regard to imports and the responsible organizations.

On this basis it may be said that the measures taken by the concerned organizations have produced disorder in the usual and traditional market demand for cotton, and that the import policy is in direct conflict with the policy to increase production.

### Proposals

The present state of the cotton market and the related issues are discouraging for cotton growers, and will lead them to the conclusion that the slogans to increase cotton production were not well considered. This year cotton growers will view this policy with doubt and hesitation, and the



Ministry of Agriculture's responsibility will be much more difficult than before. Moreover, this situation will lead to disorder in cotton's subsidiary industries such as the cotton cleaning factories and the spinning mills, and may even cause them to fail.

For the purpose of eliminating difficulties in the cotton market, short-term and long-term proposals are given below:

- The policy to increase cotton production is a basic and logical policy, therefore all problems must be solved on the basis of this assumption. In other words, the policy to set prices for crops, to award prizes, and to create facilities to help increase production should continue, so that the cultivation and production of cotton will be profitable and economic for cotton growers, just as are summer crops.
- Unginned cotton left in the hands of growers must be purchased by the government at a suitable price.
- Oil factories must be required to purchase all the cotton seeds in the cotton-carding factories at a set price.
- For cotton exports for the year 1363 [21 Mar 1984 - 20 Mar 1985] and 1364 [21 Mar 1985 - 20 Mar 1986] crops, the government must take active steps, and it should export the cotton directly if possible.
- The responsible organizations should import raw materials for spinning mills and textile mills based on the actual needs of domestic industries. Imports for these goods should be estimated on the basis of the estimated domestic production of cotton and synthetic fibres and the needs of industry, so that import policy will be designed to procure the country's economic needs and strengthen production, rather than be in conflict with the interests of domestic producers.
- The Ministry of Agriculture should participate actively, in the course of carrying out its executive responsibilities, in increasing cotton production, in matters pertaining to cotton consumption, and in the importation of synthetic fibres and textiles and the related projections.
- Since a great amount of the needs of spinning and textile mills for synthetic fibres and even cotton as raw materials is imported from abroad (in view of the fact that the price of imported fibres is lower than that of domestic fibres), and likewise some of the textiles the country needs are also imported, a policy to create and expand textile industries, consume production cotton, reduce the volume of imported textiles, and if possible to export textiles produced domestically would be a basic one aimed at achieving independence and economic expansion, while the export of cotton and the importation of fibres and textiles would give added value earnable domestically to the countries buying the cotton, and would also remove the possibility of earning more foreign exchange by exporting textiles instead of cotton.

If coordinated measures are taken to remove the problems and difficulties in the production and marketing of cotton, the vicious circle of shortages and surpluses, which hurts the farmers, the laborers, and agriculture as well as industry and the country's entire economy, will be broken.

# Area of Cotton Under Cultivation and Efficiency

Year	Area Culti- vated (Thou- sands of Hectares)	Produc- tion (Unginned) (Thou- sands of Tons)	Efficiency (Kilograms per Hectare)
1353 [21 Mar 1974 - 20 Mar 1975]	369	716	1,940
1354 [21 Mar 1975 - 20 Mar 1976]	290	426	1,496
1355 [21 Mar 1976 - 20 Mar 1977]	295	484	1,642
1356 [21 Mar 1977 - 20 Mar 1978]	316	557	1,761
1357 [21 Mar 1978 - 20 Mar 1979]	280	427	1,524
1358 [21 Mar 1979 - 20 Mar 1980]	215	321	1,498
1359 [21 Mar 1980 - 20 Mar 1981]	145	204	1,408
1360 [21 Mar 1981 - 20 Mar 1982]	194	234	1,206
1361 [21 Mar 1982 - 20 Mar 1983]	205	302	1,473
1362 [21 Mar 1983 - 20 Mar 1984]	184	300	1,630
1363 [21 Mar 1984 - 20 Mar 1985]	211	350	1,659

Cotton, Synthetic Fibre & Textile Imports and Exports  
(Millions of Rials)

Year	Cotton Exports		Imports of Cotton, Fibre, and Cotton Textiles		Synthetic Fibres and Textiles	
	Quan- tity	Value	Quan- tity	Value	Quan- tity	Value
1354 [21 Mar 1975 - 20 Mar 1976]	54,157	9,565	4,314	1,290	120,673	21,185
1355 [21 Mar 1976 - 20 Mar 1977]	822	8,678	14,982	4,723	130,956	25,067
1356 [21 Mar 1977 - 20 Mar 1978]	69,606	6,782	43,854	15,352	121,096	22,360
1357 [21 Mar 1978 - 20 Mar 1979]	68,229	7,248	14,675	5,801	84,814	13,844
1358 [21 Mar 1979 - 20 Mar 1980]	66,163	5,415	5,670	2,184	89,508	16,464
1359 [21 Mar 1980 - 20 Mar 1981]	—	—	5,039	3,599	119,346	22,010
1360 [21 Mar 1981 - 20 Mar 1982]	—	—	10,692	7,516	190,164	47,441
1361 [21 Mar 1982 - 20 Mar 1983]	—	—	23,620	11,783	179,680	49,121
1362 [21 Mar 1983 - 20 Mar 1984]	—	—	62,924	18,927	353,079	105,044

# Average Prices of Ginned and Unginned Cotton

Year	Price of Ginned Cotton on Liverpool Market (Pounds & Cents)	Average Price of Unginned Cotton on Iranian Market (Rials per Kilogram)		Average Price of Ginned Cotton on Iranian Market (Rials per Kilogram)	
		Free Market	Guaranteed Price	Free Market	Guaranteed Price
1353 [21 Mar 1974 - 20 Mar 1975]	53.87	--	--	60	--
1354 [21 Mar 1975 - 20 Mar 1976]	65.33	25	--	86	--
1355 [21 Mar 1976 - 20 Mar 1977]	86.38	40	--	115	--
1356 [21 Mar 1977 - 20 Mar 1978]	68.93	30	--	93	--
1357 [21 Mar 1978 - 20 Mar 1979]	76.58	42	--	110	--
1358 [21 Mar 1979 - 20 Mar 1980]	86.91	4,500	--	130	--
1359 [21 Mar 1980 - 20 Mar 1981]	--	75	--	175	180
1360 [21 Mar 1981 - 20 Mar 1982]	--	87	75	192	195
1361 [21 Mar 1982 - 20 Mar 1983]	--	109	80	--	211

Average Prices of Ginned and Unginned Cotton

		Free Market	Guaran- teed Price	Free Market	Guaran- teed Price
1362	- -	115	100	- -	289
[21 Mar 1983 - 20 Mar 1984]					
1363	- -	120	120	- -	221
[21 Mar 1984 - 20 Mar 1985]					

Imports of Cotton, Fibres, Thread, and Textiles (Tons)

Year	Cotton and Cotton Fibres	Synthetic Fibres	Thread for Retail Market	Textiles
1354	233	103,801	1,061	9,892
[21 Mar 1975 - 20 Mar 1976]				
1355	873	98,527	866	45,671
[21 Mar 1976 - 20 Mar 1977]				
1356 [21 Mar 1977 - 20 Mar 1978]	3,707	94,670	1,512	57,061
1357	324	77,664	862	20,638
[21 Mar 1978 - 20 Mar 1979]				
1358	333	82,425	1,003	11,417
[21 Mar 1979 - 20 Mar 1980]				
1359	831	109,400	1,425	12,821
[21 Mar 1980 - 20 Mar 1981]				
1360	1,492	180,049	2,808	16,507
[21 Mar 1981 - 20 Mar 1982]				
1361	2,222	166,096	1,623	33,359
[21 Mar 1982 - 20 Mar 1983]				
1362	28,242	306,266	5,226	76,269
[21 Mar 1983 - 20 Mar 1984]				

IRAN

RECENT EFFORTS TOWARD SELF-SUFFICIENCY NOTED

Tehran KEYHAN in Persian 20 Aug 85 pp 1-2

[Interview with Eng Mostafa Hashemi; date and place not specified]

[Text] KEYHAN Economic Service—Engineer Mostafa Hashemi, acting director of the Industry Expansion and Reconstruction Organization, gave an exclusive interview to KEYHAN's correspondent and answered questions. During the interview he discussed the role and effect of recent steps by the Ministry of Industry in presenting new production projects, the role of the private sector in the growth and development of the country's industry, the ways and effects of selling factory shares to workers, manpower training, and shortages of specialist manpower in Iranian industry.

KEYHAN: In your view, what have the effects on production and gross national growth been since the revolution as a result of the specialization and division of the Ministry of Industry into three ministries?

Engineer Hashemi: The project to divide the Ministry of Mines and Industries into the Ministries of Mines and Metals, Heavy Industry, and Industries was inspired by the Revolutionary Council, and some of the related steps had already been taken.

Actually, we cannot positively prove assertions about things that happen in society once and cannot be tested. Statistics for gross national production in recent years show that in the industrial sector our production growth was around 12 percent. This indicates that the policy of dividing the industrial ministries and changing them to specialized ministries has had a positive effect.

As to how we can establish that this positive effect occurred, it is an important issue, and there is the possibility that they will say that the previous form of the ministry was better, but statistical experience shows that this effect was positive, especially since it also produced side effects.

The Level of Private Sector Activities

KEYHAN: How serious is the plan to turn industry over to the private sector, and what is your view on this?

Engineer Hashemi: I believe that if we try to do something in society with pressure and propaganda instead of letting it take a natural and balanced course, the results will not be good.

The private sector must have the potential to show its worthiness for production. With the various changes, if we turn industries which are in operation or are in the public sector over to the private sector, in my view, first this would not be logical and second the results would not be good.

It is possible that with regard to the private sector some people may say that the aim is to turn factories over to the workers and so forth. I think this is an emotional issue. In any case our workers have shares in a great many factories, but as for turning the factories over for various reasons and without any preliminaries to the private sector, the private sector does not have this capability, nor is it a simple matter to place national wealth in the hands of private individuals.

In my view, the private sector must develop on its own in the process of industrial growth and create industries.

#### Achieving Economic Development

**KEYHAN:** To what extent have the country's industries, whether heavy or light, and especially those in the Industrial Expansion Organization, been able to lead the country's economy towards development since the revolution?

**Engineer Hashemi:** The Industrial Expansion Organization has a number of basic factories within its purview, and we have around 500 billion rials in sales annually. Of course this figure depends on the amount of currency allocated to us because a number of factories are fed by foreign parts and raw materials, and we must carry on assembly work by purchasing from foreign companies.

In any case, factories in the Industrial Expansion Organization have shown very good production growth in recent years. This year also, despite power failures, currency problems, and other difficulties we have had, we have had relatively good productivity. We hope that in future years, with projects that are underway, we will both reduce currency dependency and raise production.

#### Parts Manufacturing Projects

**KEYHAN:** What are the characteristics of the projects you mentioned, and what will their actual effect be on industrial self-sufficiency? What policies will you follow in this regard?

Usually when we start a project it is because it requires advanced technology and we require foreign participation.

For example, I could mention the project to build automobiles with two differentials (Nissan) with the participation of the Japanese Nissan company, for which we are now negotiating a contract.

In any case, most of these projects are with Germany and Japan.

#### Transfer of Technology into the Country

**KEYHAN:** How necessary is it now to establishment investment and mother industries for the growth and expansion of the country's industry? If mother and investment industries are established in the country at heavy cost, won't the industries that are built fall even farther behind the world's advanced technology?

This is a natural thing because the scientific and technological potential in foreign countries is very high, and it is not that high in our country; perhaps in some cases it is much lower than that of the advanced industrial countries.

The transfer of technology into Iran is itself a big step because we will become familiar with the things we need and we will have the technology in our country that we require. This depends on society's culture, its level of knowledge, and the efforts made in society to promote this thinking. If these efforts are made, naturally there will be future results and growth in the quality of our industry, and concern will increase for research and expansion. If no concern is given to this matter, however, we will naturally remain behind. In any case we must create these industries in our country. That is, if we feel that they will grow in some other way, that is no reason not to establish these industries in our country. We must create industry, and if we can progress, so much the better. If we cannot, at least we will have something.

### Oil and its Role in Industry

**KEYHAN:** Some of the country's industrial insiders believe that in order to achieve self-sufficiency in the long run, in the short run we must increase our oil exports. What is your view on this?

The only way we have to achieve industrial and technological growth is through this very use of currency obtained with oil.

Unfortunately, a great deal of the currency that is obtained with oil is not spent on industry. The funds obtained with oil are mostly used to buy consumer goods and capital products, food, and drugs. It must therefore be said that the current manner of using income from the sale of oil is not appropriate. The best way to use this money is for domestic investment, but unfortunately great importance is not given to this matter. Priorities are consumer priorities, and we give no priority to industry.

### Reliance on Industrial Sector Income

**KEYHAN:** If your view concerning the achievement of self-sufficiency were applied in the short run, would we be able to rely on income from the industrial sector in the long run?

This would assuredly be so. If we were to make good use of our oil income over the next five to ten years, we would be able to make complete investments in our country, and perhaps 80 percent of the currency expenditures that we now have would be unnecessary. We would be able to meet our own needs within the country.

### Production and Procurement of Raw Materials

**KEYHAN:** What are the plans of the Ministry of Heavy Industry and the Industrial Expansion Organization for procuring industrial raw materials for affiliated industries to achieve self-sufficiency?

Actually, the construction of parts and transportation equipment is not a simple task. Industrialists might be able to make a number of parts individually, but first the price would be extraordinarily high, second the quality might not be acceptable, and third they cannot produce them in the quantities needed.



Of course, we have taken steps. In the area of diesel machinery, which includes buses, mini-buses and trucks, body parts and attachments are built in Iran. We have a motor plant in Tabriz, and we are building a foundry for making cast parts in Saveh which will go into operation in a year, and then we will make the cast parts we need in Saveh.

We have signed a contract with a European company for constructing a gearbox factory in order to produce the gearboxes we need in Tabriz.

Regarding the tractor factory, we expect to be able to build the front axle, and a project is being studied for building the rear axle and differential.

If the above projects and plans are carried out, we will produce 85 percent of the parts for diesel machinery in Iran.

In the area of the automobiles with two differentials, which are called Kar, we will have a project in one of the Yazd municipalities to produce cast and iron parts in order to produce these parts.

We have another project in Tehran for building motors, gearboxes, and differentials where preparations for work have been made, and if they go into production 85 percent of those parts will be produced domestically. With regard to passenger cars and mini-vans we must say that some of them are being built in the Iran National factory, but we are thinking of changing the model and brand. We are negotiating with foreign companies, and God willing we will choose the most economic and technological of them, in order to bring the task of their domestic production to fruition.

With regard to road-building machinery, which is considered transportation equipment, we have a big project in Arak which has begun, and God willing within three years we will be building 70 percent of the parts for this kind of machinery in Iran.

#### Technical Participation of Foreign Companies

**KEYHAN:** Are the projects you have mentioned domestic or foreign?

All of these projects involve contracts with foreign companies.

**KEYHAN:** What is the nature of these contracts?

These contracts are technical cooperation contracts. We do the investment ourselves, but we obtain technological assistance from the foreign companies.

#### Why Produce Buicks and Chevrolets?

**KEYHAN:** What has made it necessary to produce Buicks and Chevrolets? Along with that today we see a project for issuing Land Rovers. What policies have led to such decisions?

With regard to the Buicks and Chevrolets which are to be marketed, we must say that this matter has to do with purchases made several years ago, and the matter has been before The Hague World Court for two years. When the matter is resolved and we take delivery of these automobiles, we will quickly begin assembling them and delivering them to customers.

The production of Buicks and Chevrolets is not part of our future production planning; we will only produce them in this current period.

Two manufacturing companies build Land Rovers. The regulations for their distribution have been announced to applicants. We have the ability to increase their production, but because the motor parts, the gear box and the differential come from abroad. The more we want to produce them, the more currency we need, and because of our limitations we have kept production at a stable level.

KEYHAN: To what extent do the country's currency shortages prevent the growth of production in industrial units, and if this intensifies in the future, how will the Industry Expansion Organization deal with it, and what will its policy be?

#### Problems with Currency Shortages

Currency shortages have hurt us in two ways. One is that they have reduced factory production, first increasing inflation in the country, and second, the economic situation in our factories has been disrupted and we cannot pay worker salaries and factory expenses.

Naturally, a factory that has losses for a long period of time cannot sustain itself. It will ultimately close down.

The second problem due to currency shortages has to do with our capital investment. Plans that could bring us to self-sufficiency have stopped or been delayed as a result of the lack of sufficient currency. This means that in the future, instead of completing a project in two years and becoming free of the need of imports, it will take six years, and we will continue importing during the four extra years.

This is why we believe that in the area of currency for our industrial projects we should have no restrictions of any kind, even if we have to borrow money from foreign banks.

Unfortunately, sometimes we see that it is not this way, and essential concerns are subordinated to secondary ones.

#### Best Way to Give Shares to Workers

KEYHAN: What, in your view, will be the result in our country's industrial community from giving shares in factories to workers?

All of this depends entirely on the laws and regulations which are compiled for this purpose. We can only say in general that if shares are sold to workers it may be very good or very bad, but it is no cure.

If shares are sold, the law is implemented, and the conditions of sale and maintenance of factories are announced, it will then be possible to anticipate the effects.

Otherwise, general comments are completely out of place. Sometimes we even hear that if someone has even one share of a factory and doesn't want it to operate, he can shut it down.

Naturally this type of approach has no merit. We even hear it said that even if you sell shares to workers, management of the factory is still with the government, and this also has a series of implications.

For this reason your question can only be answered when we can say under what conditions and what laws factory shares will be sold to workers. Then the characteristics and benefits must be examined.

#### The Role of Industry in Reducing Unemployment

KEYHAN: According to statistics, since the revolution a total of 15 billion tomans have been invested in the industrial sector. This investment was supposed to reduce unemployment in society, so what is the reason for the current increased unemployment?

In my view, unemployment has not increased. Unemployment existed in society, but it was not evident. Every year we actually have 500,000 new people entering the work force.

Work must be found for these people and various projects must be carried out. In Tehran perhaps 90 percent of the workers are employed in pseudo-employment, meaning that their jobs could be replaced with better, correct methods.

Even though 15 billion tomans have been invested, it is my view that the money invested is insignificant compared to the country's need for work.

If you look at existing statistics, you will see both that private sector investment has not been desirable and that government investment has been insignificant.

I believe that they must make efforts in both sectors to make appropriate investments, because we need to create a lot of work in the country. We have the manpower, and we have the capital thanks to oil. We are merely lacking the projects to be implemented and the concern and effort that could be expended with these factors, and we must do these things.

In general I must add that in our society unemployment is very great.

#### Investment to Create Employment

KEYHAN: Has anything been done to make use of the investment that has been made?

We have no statistics on this. At the same time I must say that every kind of investment or employment is not useful. In the statistics that are usually issued, employment that is useful and employment that is not useful are listed together.

In this connection I must also say that much of the investment prior to the revolution was not useful, and we now need much more investment than there is.

KEYHAN: What plans can be carried out to procure specialist manpower for the industrial sector?

In my view the shortage of specialist manpower must be met in two ways. First, the capacity of the universities must be increased, and also we ourselves can make efforts in the factories and the industrial production units to increase the specialist forces.

Of course we have made efforts in this area such as creating on-the-job training programs for engineers in Arak and Tabriz and training programs for workers and technicians in factories. Of course these measures have in no way achieved their objective, and in my view the Ministry of Higher Education, which is responsible for this task, must make more extensive efforts.

#### Increasing Production at Iran Khodru

**KEYHAN:** Explain the situation at the Iran Khodru factory. How do you assess its present and future situation?

First, the Iran Khodru factory manufactures buses and mini-buses, and in the future its bus and mini-bus sectors will be strengthened.

Second, this factory makes motors and some parts for the Peykan automobile, as well as passenger car and mini-van bodies.

We have had problems obtaining credit for the purchase of parts, and the factory was closed for several months. Next month Peykan production will resume.

Studies are also being prepared for new contracts, and in any case we will be able to make the motor and all the parts for the Peykan and turn it over to a manufacturing plant.

9310

CSO: 4640/729

IRAN

WHOLESALE PRICE INDICES DROP IN MAY-JUNE

Tehran BURS in Persian 15 Aug 85 p 8

[Text] According to a report from the Central Bank's Office of Economic Statistics, the wholesale price indicator for Khordad 1364 [22 May - 21 June 1985], at 400.6 dropped 1.0 percent from the previous months. This is a 3.0 percent decrease from the same month last year. The seasonally adjusted wholesale price indicator is 0.9 percent lower than the indicator for Ordibehesht 1364 [21 April - 21 May 1985].

In the first three months of the current year [21 March - 21 June 1985], the average wholesale price indicator in Iran increased 4.5 percent over the same period last year.

The seasonal drop in the price of fresh produce, along with the drop in the price of barley, red meat, livestock, hides, paper, photographic paper, and carpets played the biggest part in decreasing the wholesale price indicator. At the same time, the prices of wheat, wheat flour, rice, fruits (except citrus fruits), cotton seeds, unginned and cleaned cotton, rope, and blankets increased, which offset to some extent the drop in prices for the above goods.

Main Indicator Groups

1. Goods Produced and Consumed Domestically

For the month being reported, the price indicator for goods consumed and produced within the country, at 451.5, decreased 1.3 percent from the previous month.

The drop in the price indicator for goods consumed and produced within the country was mainly due to the drop in the price of fresh produce. Within this group the prices of barley, red meat, livestock, hides, and carpets also dropped, but the prices for wheat, wheat flour, rice, fruits (except citrus fruits), cotton seeds, unginned and cleaned cotton, cement, and blankets increased.

Seasonally adjusted, the price indicator for goods consumed and produced within the country decreased 1.1 percent from the previous month.

The indicator for this group decreased 1.4 percent from the same month last year.

## 2. Imported Goods

The indicator for imported goods in Khordad 1364 [22 May – 21 June 1985] was stable, because increases in the prices of harnesses, hasps, clamps, spare parts, and transportation equipment were offset by decreases in the prices of paper and photographic paper.

The seasonally adjusted indicator for this group decreased 0.1 percent from the previous month.

The indicator for imported goods increased 4.4 percent over the same month the previous year.

## 3. Exported Goods

Increases in the prices of dried fruits were offset by decreases in carpet prices, resulting in no change in the price indicator for export goods during this month.

The seasonally adjusted indicator for this group increased 1.9 percent over the previous month.

The price indicator for export goods increased 0.1 percent from the same month the previous year.

## Foodstuffs and Livestock

The seasonal decrease of 30.1 percent in the price of fresh produce played the biggest part in the 1.9 percent decrease in the price of foodstuffs and livestock. In this group there were decreases of 1.8 percent in the prices of meat, poultry, fish, and their products, 12.5 for citrus fruits, 0.7 percent for animal and vegetable oils, and 2.1 percent for livestock, but the prices for grain and grain products increased 2.7 percent, 0.1 percent for seeds, 0.4 percent for dairy products and eggs, 1.3 percent for fruits with seeds and pits, 10.7 percent for melons and fruits growing on bushes, 2.7 percent for dried fruits, and 2.1 percent for spices, tea, coffee, and cocoa. The seasonally adjusted price indicator for this group was unchanged from the previous month. The price indicator for foodstuffs and livestock decreased 3.8 percent from the same month the previous year.

## Textiles and Clothing

The 1.6 percent decrease in the prices for carpets was the sole factor causing the 0.2 percent decrease in the price indicator for textiles and clothing. In this group the prices for wool and cotton increased 0.9 percent. The seasonally price indicator for the textiles and clothing group increased 0.8 percent over the previous month.

The price indicator for this group decreased 2.3 percent from the same month the previous year.

## Machinery and Transportation Equipment

During this month there was no change in the price indicator for machinery and transportation equipment. In this group, the prices for home electrical appliances decreased 0.2 percent, and prices for non-electrical machinery increased 0.1 percent. This indicator increased 2.8 percent over the same month the previous year.

## Specialized Groups

### Agricultural and Animal Husbandry Products

The price indicator for agricultural and animal husbandry products decreased 2.2 percent during this month, the result of a 2.3 percent decrease in the prices of agricultural goods and a 2.0 percent decrease in animal husbandry and fisheries prices. The seasonally adjusted indicator for this group decreased 1.5 percent the previous month.

The indicator for agricultural and animal husbandry products decreased 4.9 percent from the same month the previous year.

### Construction Materials

For the month being reported, the price indicator for the construction materials group increased 0.3 percent, the result of the 0.1 percent increase in the price of metal construction materials; and the 0.5 percent increase in the price indicator for non-metallic construction materials.

The seasonally adjusted price indicator for construction materials showed no change from the previous month. Compared to the same month the previous year, the indicator for this group increased 2.4 percent.

9310

CSO: 4640/741

IRAN

GOODS, SERVICES PRICE INDEX DROPS IN JUNE-JULY

Tehran KEYHAN in Persian 2 Sep 85 p 21

[Text] Economic Service—The Central Bank Office of Economic Statistics reports that the price indicator for consumer goods and services in Iran's urban areas in Tir 1364 [22 June - 22 July 1985] decreased 3.9 percent from the previous month. In comparison with the same month the previous year, this indicator shows a 1.3 percent increase. The indicator showed an average increase of 3.6 percent in the first four months of the current year [21 March - 22 July 1985] compared to the same period the previous year.

In the month of Tir 1364 [22 June - 22 July 1985] the indicator for foodstuffs decreased around 10 percent. The severe drop of 35 percent in prices for fruits and fresh produce, caused by the season and market abundance, not only played the biggest part in the decrease in prices for the foods group, but was also considered the most important factor in the decrease of the entire indicator for consumer goods and services in all of the nation's urban centers.

The price for solid vegetable oil, which had increased last month because of being marketed at guild and industry prices, dropped back to its former rate again, pulling the indicator for animal and vegetable oils down 19 percent.

During this month, the prices of food in restaurants and public places, influenced by the prices of raw materials and wage increases, increased, while the prices for smoking materials decreased around two percent.

Among non-food items, the indicator for the clothing, furniture, and home goods and services group remained more or less the same due to the relative stability of price for most of the elements from which it is computed. Sluggish carpet trading and the control of their prices were potent factors in the decreased growth in the indicator for home furnishings during this period.

In the housing and fuels group, the price for construction materials decreased around one percent, but the wages for construction workers increased slightly, despite sluggishness in construction activity. For the month being reported, prices increased for passenger automobiles on the free market due to the onset of the summer season and increased demand. Finally, the indicator for the transportation and communications group was higher than it had been the previous month.

The continued increase in wages for some health care services produced some increase in the indicator for the health services and treatment group, but there was a slight decrease in the indicator for the recreation and education group due to the decrease in price for some electrical, recording, and photographic items.



Compared to Tir 1363 [22 June — 22 July 1984], for that month this year there were increases of one percent for the clothing group, five percent for construction services, two percent for construction materials, 13 percent for residential rents, four percent for urban transportation and travel costs, eight percent for medical treatment and health care, 12 percent for recreation and education, 20 percent for personal expenses, and 56 percent for smoking materials, but the indicators for foodstuffs, as well as home furnishings, goods, and services each decreased around three percent and the price of gold coins decreased 15 percent.

9310

CSO: 4640/742

IRAN

PROJECTS FOR VARIOUS NEW INDUSTRIAL PRODUCTIONS ANNOUNCED

Tehran KEYHAN in Persian 21 Aug 85 p 3

[Text] Economic Service—The acting directors and several members of the National Industries Organization Council gave a press conference in which they expressed their views on the accomplishments of the factories and production companies, sales, profits, and losses, new production plans, the return of production units, plans for selling domestically produced products to pilgrims in Mecca, and other things.

Engineer Hoseyn Mahru, Deputy Minister of Industry and acting director of the Iran National Industry Organization began by discussing the reasons for holding the seminar for managers of companies in the Iran National Industries Organization. He said: On the occasion of Government Week, the National Industries Organization, which is a unit spawned by the revolution, decided to organize this seminar in order to present the accomplishments and to study the activities completed in the last few years.

He added: The National Industry Organization now has more than 500 factories, companies, and production units with 200,000 personnel under its authority. In view of the organization's huge size and the role it can have in economic and even political and social affairs, concern for the management of companies can have special importance, in view of the fact that 70 percent of the pharmaceutical industry, 70 percent of the vegetable oil industry, and 30 percent of the sugar cube industry and so on are managed by the organization.

He then enumerated the chief issues in the factories and units under the organization's authority as reflected in reports on the profits and losses of companies, indicators and the production situation, sales, plans the organization has initiated and put into operation in the past few years, and plans which are being studied.

Revolutionary Council and New Law

Engineer Mahru discussed the situation of factories and companies at the beginning of the triumph of the revolution. He said: Problems such as the abandonment of factories, the departure of foreign experts, the expulsion of engineers, the departure of managers, interference from the mini-groups, and other things prompted the Revolutionary Council to compile and enact the Iran Industrial Protection and Expansion Law in Khordad of 1358 [22 May - 21 June 1977].

Naturally it was very difficult for managers and engineers to begin work under the above conditions, with the emergence of problems such as empty warehouses, the departure of experts, the failure to pay employees and other things. Later there were other issues such as the economic

embargo and the imposed war which compounded the difficulties and led to malfunctions in the factories and companies. Today, however, through the efforts of managers and employees, we have been able to transform that malfunctioning situation to a successful one.

A look at existing statistics such as the production indicators clearly shows the instability of the situation during that period. The production indicator dropped to 58 percent in 1356 [21 March 1977 - 20 March 1978] and 1357 [21 March 1978 - 20 March 1979] because of strikes.

In 1358 [21 March 1979 - 20 March 1980] and 1359 [21 March 1980 - 20 March 1981], we again see the indicator dropping to 77 percent of the figure for 1356 [21 March 1977 - 20 March 1978]. After 1360 [21 March 1981 - 20 March 1982] when the political crises and reprehensible intervention by the mini-groups and others like them had been resolved, the production indicator began to rise and reached 93 percent. This increase continued, so that in 1363 [21 March 1984 - 20 March 1985] the production indicator was 143 percent compared to 1356 [21 March 1977 - 20 March 1978].

#### Company Profits and Losses

Continuing his remarks, he discussed statistics on the profits and losses of companies. He said: In the fiscal year 1356 [21 March 1977 - 20 March 1978], the organization's companies reported a combined special profit of 13 billion rials. In 1357 [21 March 1978 - 20 March 1979] this figure turned into a 13 billion rial loss. In 1358 [21 March 1979 - 20 March 1980] and 1359 [21 March 1980 - 20 March 1981] the losses of companies increased to 41 and 52 billion rials respectively.

In 1360 [21 March 1981 - 20 March 1982], with increased production, the level of company losses dropped to 24 billion rials, and in 1361 [21 March 1982 - 20 March 1983] we not only had no losses, but we saw a 12 billion rial special profit. In 1362 [21 March 1983 - 20 March 1984] profits reached 31 billion rials, even though in that year we paid 40 billion rials as bank profits over and above this figure for special profits.

I must add that this profitability in the years mentioned above was not achieved through price increases. We increased production and worked for the interests of society as they were presented to us.

In the course of the positive movement towards profits in companies in the period between 1361 [21 March 1982 - 20 March 1983] and 1362 [21 March 1983 - 20 March 1984] when we went from 13 billion to 31 billion rials in profits, we conducted a study and obtained statistics showing a 26 percent increase, which has never been seen anywhere else before.

#### Company Sales Statistics

Engineer Mahru then presented statistics for the sales of the organization's companies and factories. He said: In 1358 [21 March 1979 - 20 March 1980] sales for our companies were around 290 billion rials, increasing in 1359 [21 March 1980 - 20 March 1981] to around 340 billion rials, in 1360 [21 March 1981 - 20 March 1982] to 450 billion rials, in 1361 [21 March 1982 - 20 March 1983] to 570 billion rials, and in 1362 [21 March 1983 - 20 March 1984] 640 billion rials.

I must add that this increase in sales has been achieved solely by increasing production.

Sales statistics for 1356 [21 March 1977 - 20 March 1978] and 1357 [21 March 1978 - 20 March 1979] were 260 and 240 billion rials respectively, and of course these figures are not exact.

He added: With regard to price increases, I must say that in some cases we have even decreased prices. For example in 1361 [21 March 1982 - 20 March 1983] in the pharmaceuticals industry and in 1360 [21 March 1981 - 20 March 1982] in the cellulose industry we lowered our prices.

#### Issuance of Factory Shares

With regard to the issuance of factory shares to workers, Engineer Mahru said: As before, the issuance of shares to the people is being fully considered by officials, but an important point is that before a precise study could be made a great many of these discussions were aired in the newspapers, where various people took part.

Concerning companies that have been nationalized, I must say that before shares are issued, the obligations of their ownership must be specified. The method of issuing them and the law for their implementation can be discussed.

With regard to returning factories and companies to their owners, he said: Some people have had their property confiscated by the government. There is no doubt that some people included under article J are deeply indebted to the banks, and there is no problem if they come and pay their debts, but we have few cases where someone comes, pays his debt, and then asks to have his factory returned.

Some factories and companies are under the organization's authority for other reasons. Naturally, they must be returned to their owners, but this will produce difficulties. For example, the owner of the Novin Company came, paid his debts and with the approval of the five-man board recovered his company, but he abandoned his factory and the workers and it was effectively shut down, and is still abandoned to this day.

#### Prevention of Losses

Then Mohammad Reza Vazva'i, director of the organization's cellulose group and organizing official of the managers' seminar discussed the prevention of losses in some units such as the Pars Paper Company and plans to make such units more active. He said: The annual production of the Pars Paper Company prior to the revolution was around 54,000 tons. For various reasons its losses in 1360 [21 March 1981 - 20 March 1982] were 340 million tomans. We did some planning and were able to break this company's 10-year cycle of stagnation and raise production to 70,000 tons. We thus recovered 60 percent of its losses, but due to the factory's heavy costs we were not able to recover all the losses. Currently this company is self-sufficient and operating in top condition, and bank participation can keep the company operating under its own power.

He then discussed the problems in the cellulose industry. He said: Unfortunately, in this industry, because of severe dependence on the outside world, we have been unable to achieve self-sufficiency, because domestic wood production has not been suitable and stable, and it can even be said that we have not had suitable growth in the forestry industry for the last 10 years.

## New Production Plans

Ja'fari, the deputy for implementing plans for the National Industry Organization, discussed plans now being implemented as well as the Iran National Industry Organization's future plans. He said: Since the organization was formed 35 plans in various sectors have been implemented and carried out.

On the other hand, five plans remain from before the revolution, and the organization has financed these and they are now being carried out.

He added: The National Industry Organization has placed expansion planning at the top of the list of its activities. So far 25 separate new plans with investment of 65 billion rials have been carried out, and 23 other significant large plans with 24 billion rials in investment are also anticipated.

In the selection of organization plans, fundamental planning is being considered. Currently two projects to build cement factories in Bandar Khamir and to the south of Khorasan and two tire factories in Sirjan and Yazd are being carried out, while we are considering seven separate cement and chemical materials projects with 2.1 and 2.2 billion tomans investment respectively.

## Methods for Selecting Production Projects

Then Ahmadi, acting organization chief and deputy for projects and planning discussed ways to select plans and the organization's priorities. He said:

Projects being studied by the organization have to do with the cellulose, pharmaceuticals, and home furnishings industries. We are also carrying out some good fundamental projects in the food industries sector, which will be at the implementation stage starting next year.

He added: In selecting projects, it is not our general objective to make profits and conquer markets. We are trying to serve society and meet the needs of the people.

## Textile Industry Accomplishments

As the press conference continued, 'Ali Ashraf Afkhami, director of the textiles group in the Iran National Industry Organization, discussed accomplishments in this sector. He said: Companies within the organization produce about one-third of the country's textile products. We are still dependent on foreigners in this industry, although efforts are being made to overcome this dependence.

Production in this sector, in view of the problems, has been relatively good. For example in the years 1361 [21 March 1982 - 20 March 1983] and 1362 [21 March 1983 - 20 March 1984] there were production increases of 12 percent in woven cloth and more than 85 and 47 percent in the wool and pile carpet sectors respectively.

In some cases we have had production increases exceeding the official capacity of the companies, and for this we are indebted to the efforts of management and labor in the companies.

In the textile industries, in view of the reduced currency in circulation and financial weakness, we have not yet had price increases, even though we have not requested financial assistance even from the government.

### **Sales of Domestically Manufactured Products**

Then Ahmadi, acting organization chief and deputy for projects and planning, discussed how the project to sell domestic products to Mecca pilgrims would be carried out. He said: The implementation of this plan can thwart the plans of world imperialism, which neutralized the great movement of Iranian pilgrims by procuring film from the markets of Mecca and Medina. This plan was designed and implemented four or five days before the departure of the first group of pilgrims. For this reason, it had shortcomings, which were gradually resolved.

In this regard all officials and insiders, especially the minister, who personally carried out tasks, made great efforts. In the project it is anticipated that we will save ten million dollars in currency, and, God willing, we will extend the above plan to selling domestic production to all travelers outside the country.

9310

CSO: 4640/728

IRAN

OFFICIALS ON INDUSTRIAL PROBLEMS, ROUTES TO ECONOMIC INDEPENDENCE

Tehran KEYHAN in Persian 26 Aug 85 p 3

[Text] Economic Service—The second day of the seminar for managers of companies and units in the Iran National Industries Organization convened yesterday morning at the Hall of Unity.

According to KEYHAN's economic correspondent, on the second day of this seminar Engineer Hoseyn Mahru, Deputy Minister of Industries and chief of the Iran National Industries Organization, Engineer Behzad Nabavi, Minister of Heavy Industries, the Council of Guardians, the supervisor of the Islamic Propaganda Organization, and Sarhaddi-Zadeh, Minister of Labor and Social Affairs, discussed the situation of industry in the country, the role of management in industry, ways to achieve economic independence, workers in the administration of units, the relationship and participation of management, and other things.

In his speech, Engineer Hoseyn Mahru, Deputy Ministry of Industries and acting director of the Iran National Industries Organization, said: The goal of industry prior to the Islamic revolution was based on benefitting special groups and creating a consumer society, with the characteristics of dependence with regard to the technology of machinery, materials, assembly manufacturing, and things like this.

He said: With the Islamic movements in the years 1356 [21 March 1977 - 20 March 1978] and 1357 [21 March 1978 - 20 March 1979], this system of management was naturally doomed to destruction. When it was abandoned, along with the problems caused by the mini-groups, the weak financial foundation of the companies and other problems, most industries went into semi-idleness or closure. Under these conditions the Revolutionary Council enacted the Industrial Protection and Expansion Law whose goal was to expand Islamic affairs, achieve economic independence, increase employment, cut off the hand of imperialism, and create an environment for creativity.

He discussed the weakening of management in the early stages of the triumph of the revolution. He stressed that one of the most important steps taken by this organization was the introduction and establishment of the current system of management in the factories. Referring to statistics presented at the meeting site, he said: These statistics are a precise indication of the level of success of management. The growth of production, whose statistics have been presented, despite increases in cost, has not been accompanied by price increases, although the organization has not taken measures to lower prices in most cases. As a result, the obstacle to price increases was in the other sectors.

He said: The organization dealt with unemployment in accordance with its basic aims. In other words, in slack times it did not lay off employees. Even in times of severe unemployment in society, despite a surplus of personnel, it made it incumbent upon factories in its jurisdiction to hire a percentage of new employees so as to be able to reduce the crisis of unemployment in society.

In order to decrease dependence, the organization has begun various movements, the most important of which is the effort to fill gaps in industry.

Other problems for management in these units include lack of planning in the allocation of currency to units, the problems of expanding credit, transportation, procurement and distribution centers, the problem of procuring electrical power, the problem of attracting specialist manpower within factories, and on the other hand the depreciation of the factories, and they have tried to endure these pressures in any way possible. In conclusion he announced the organization's special profit in the year 1363 [21 March 1984 – 20 March 1985] of 22 billion rials. He said: This figure represents a decrease from the figure of 31 billion rials for the year 1362 [21 March 1983 – 20 March 1984], despite increases in the quantity and cost of production, and this is because during that period prices did not increase.

#### Speech by Minister of Heavy Industries

Engineer Behzad Nabavi, Minister of Heavy Industries, discussed the situation of the country's industry since the triumph of the Islamic revolution. He said: Most of these industries are the legacy of the former regime. The task of the government's chosen management under those conditions was a very difficult one, but you started working under such circumstances. There may not be a system of management anywhere else in the world like the one in the Islamic republic.

In those days management abandoned many factories and units and fled, and the government was forced to establish state management over them. They stood despite many complications and transformed these industries, so that today the government is proud of them.

He added: You have established management, and in this period of three or four years, in general you have presented us with very good results.

He then addressed the managers of units. He said: Take heed of the workers who have been able to break the chaotic atmosphere of the early revolution and take care that you do not lose them. The increase in profitable production statistics is an indication of these very efforts, and this movement has led to the highest rate of growth for the country's industrial gross domestic product at around 15 percent for the year 1362 [21 March 1983 – 20 March 1984], which could not be greater due to certain obstacles.

#### Ways to Procure Currency

The Minister of Heavy Industries then said: Despite all the difficulties, we must make efforts in every possible way to procure a currency income through various means which are still available. We must continue our movement and solve the problems.

He added: One basic item which we have not been able to achieve speed in reducing is industrial dependence. In the first year or two planning for self-sufficiency and cutting industrial dependence was very difficult. This movement began and efforts were made in subsequent years, but these efforts have unfortunately produced no results because sufficient resources have not existed.



Of course the matter of cutting dependence requires great capital investment. We say that dependent industry cannot be made to disappear with slogans. This will take effort and investment, and work must be done on this. We must turn to oil in order to cut dependence, and oil must be used in a series of investments for reaching industrial self-sufficiency.

With regard to the sale of industrial products, he said: During the time that I have been in the service of industry we have had stable prices, and in view of increased costs, this is considered in itself a kind of price reduction.

The Minister of Heavy Industries also said: You managers have a proud record of accomplishment. What remains are the problems which beset all of us. We must labor to preserve the country's industry in order to eliminate these problems.

We have currency problems which must be coordinated among the ministries. Of course this coordination already exists, in order for this process to continue the development of production units.

Recently there has been pressure from a second problem, the matter of turning national industry over to the private sector. This pressure is presently very great, and you must deal with it.

This area must be confronted precisely. We are not opposed to the transfer of units to the people and the private sector. We do not say that the people must not participate. Everyone is saying that the people must have a share the factories, but we fear that a group of capitalists will work their way into position again. This matter is a problem which needs to be confronted precisely, so that we can prevent the formation of a new capitalism.

#### Remarks by Ayatollah Janatti

According to this report, Ayatollah Janatti, a member of the Guardian Council and supervisor of the Islamic Propaganda Organization, gave details on Islam's situation in the country's industry, the authority of Islam in the units and factories, and the results of establishing this authority.

He said: If we had the greatest minds, hands, and industrial markets at our disposal, but lacked Islamic authority in them, our outlook would not be good. In our system, after the overthrow of the former regime new issues appeared which had not existed under the former regime. These issues appeared in industry, agriculture, the army, the universities, and elsewhere, and since they were unable to function in former times, changes must be made in them.

Ayatollah Janatti then said: In industry, we must think about how to raise production and how to increase specialization, but through a means that observes Islamic and orthodox values. Of course we must find low-cost and high-quality raw materials, we must have a good market in mind for selling, and so forth, but these are not the only considerations, and if we think this way it is a mistake.

We must also consider Islamic issues. We must be thinking of the authority of Islamic orthodoxy everywhere, behind the wheels, the machinery, the motor pools, and management and administration. We must not reckon like the former factory managers who were thinking only of greater profits, and who did not even care about the problems and difficulties of workers.

He added: This kind of profit-seeking is doomed to defeat, just as the former regime's profit-seeking caused dissatisfaction among our workers.

#### Remarks of the Minister of Labor

As the seminar continued, Abu al-Qasem Sarhaddi-Zadeh, Minister of Labor and Social Affairs, explained the situation of the country's industry. Explaining the difficulties in the years following the triumph of the Islamic revolution, he said:

During that time there were many difficulties, but work was done and efforts were made. It is through these efforts that today we see ourselves completely outstanding in military affairs, having shown ourselves in the world. We are now going through years in which we must achieve self-sufficiency in industry and agriculture, and this task will be in the hands of you brothers, the managers of the production units.

From now on we will be in need of a series of new innovations, and we must set an example for the oppressed.

There are many forbidden products we cannot produce, and we have stopped many kinds of economic efforts. Our economy today is moving towards useful production and eliminating corruption, no matter how difficult the task, and perhaps today much of the confusion is due to this very thing.

The Minister of Labor and Social Affairs added: The work of you brothers will thus be extraordinarily difficult, in view of the obstacles and problems which exist for us. You are the only ones who can endure these difficulties.

Today, when we wish to move towards production and self-sufficiency, we will need the efforts of you brothers. In this situation, the revolution will be of extraordinary value. Therefore, be aware of how critical and difficult is your responsibility.

He added: In the area of the war, you have seen what great successes have been achieved. These were not achieved through classical methods of warfare. It was guerrilla methods which gave us these victories.

Come and let us employ guerrilla tactics in industry and in the trenches of industry. Guerrilla tactics must be developed for industry, and we must make a place for ourselves.

We have great talents. Pursue them and find them. We also have good talents among you, and these must be utilized for the better progress of work.

There is another issue as well. Our art has always been and continues to be before the world. Let us combine this art with industry and show the world a new creativity. Industry is an area with extraordinary importance, and we must search for ways to reach it.

#### Manager of the Year

The Minister of Labor and Social Affairs then announced a proposal to select a Manager of the Year from among the managers of industrial units at the seminar. He said: Every year we have ceremonies to elect the Worker of the Year. Let us also elect a Manager of the Year, so that worthy managers in the units will also be encouraged and praised.

He added: Islamic labor councils will soon be formed. Islamic councils and societies are needed because now atheist mini-groups are waiting for an opportunity to make trouble, and the only way to oppose them is for the forces of the partisans of God to be effectively active. For this purpose, workers and managers must take seriously the presence of the forces of the partisans of God as councils and societies.

The Minister of Labor and Social Affairs discussed the presence of the forces of labor at the fronts and the fruits of this continuous presence. He said: Without the presence of these workers at the fronts our production would be nothing. I say that we kiss the feet of that brother worker who goes to the front. If he were not there, you and I would not be here. The brothers are all sympathetic and encouraging. Let us encourage the brothers who go to the fronts. God forbid that we should see a worker returning from the fronts being treated unkindly.

He also made suggestions to managers concerning the removal of workers from units. He enumerated the issues in this connection and added: If there is a familiar and friendly relationship between a manager and a worker and they are close to each other, clearly work will progress well.

In conclusion he answered questions concerning the relationship between work and the worker.

According to KEYHAN's economic reporter, today (Monday) was the last day of the national conference of production unit managers at the Hall of Unity. It featured speeches from Mohsen Nurbakhsh, chief of the Central Bank, Hasan 'Abedi-Ja'fari, Minister of Commerce, and Engineer Ahmad Ahmadi, member of the council and deputy for planning in the Iran National Industries Organization. In conclusion a seminar resolution was read.

9310

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IRAN

OFFICIALS OF 8 MINISTRIES ANNOUNCE FUTURE PROJECTS

Tehran KEYHAN in Persian 25 Aug 85 pp 1-2

[Text] On the eve of Government Week, the second national three-day conference of managers of companies under the Iran National Industries Organization was opened yesterday at the Hall of Unity, attended by the Prime Minister, the Chief of the Supreme Court, the Minister of Industry, the Governor-General of Tehran, a number of other national officials, and all the managers of companies under the Iran National Industries Organization.

The conference was held to study and present the accomplishments and future programs of the companies under the above organization. In the beginning verses from the Glorious Word of God were read. Then Engineer Mahru, Deputy Minister of Industry and acting director of the National Industries Organization, welcomed the audience and thanked them for attending, and discussed the goals of the conference and the accomplishments of the units under the organization. In this regard he said: In the years since the revolution, the managers and employees of units in the National Industries Organization have been able to eliminate the confusion in the aforementioned units and to bring their production to significant levels, so that at the present time many of Iranian society's needs are produced in its factories, and so far 40 separate major projects have been carried out in the country by them. Likewise, 50 other expansion projects are now being carried out at a projected cost of more than 80 billion rials. This budget will be met through resources within the organization, without recourse to the national budget. In conclusion he discussed the organization's issues and problems. They include the failure to clarify the responsibilities of management in society, the failure to specify the obligations of company ownership, the failure to plan the country's imports in a way that strengthens domestic production, and the need to procure needed currency and electrical power for the country's industries. Then Ayatollah Musavi Ardebili, Chief of the National Supreme Court gave a speech in which he stressed the importance of the formation of this seminar and said that the statistics on the activities of units under the National Industries Organization are hopeful. He added: The greatest amount of activity possible on the part of managers and workers in these units can be effective in establishing the basis for strong industry. He then added: We now have a mission which we must carry out with sensitivity. Industry has a special place in the various dimensions of this mission, and we must make efforts in every way to industrialize the country. We must attain that goal of economic independence which is so far away from us now despite all our efforts, by giving appropriate support to industry and making it flourish. He then discussed the Most Respected Prophet's (Peace Be Upon Him) great concern, and added: The Iranian nation is following such a prophet, and must strive to achieve industrial and economic independence by increasing its concern, because all of the resources necessary for achieving this goal, such as energy sources, ore, manpower, and capital already exist in the country. For this purpose,

inventiveness, creativity and initiative must be employed with hope. Of course, in order to industrialize the country, first the necessary culture must be created, and this will remove many obstacles.

### The Role of Management in Society

Ayatollah Musavi Ardebili then discussed the issue of management and its role in Islam and society. He said: From the beginning of Islam the Prophet himself appointed managers for all affairs, even for matters of little importance. This shows the importance of establishing and dividing responsibility under Islam. We also rightfully think that no one except an official has the right to interfere in management affairs, no matter how much this management suffers from weakness, because this would cause confusion in affairs and the work, and this is not lawful under Islamic law. He then discussed various aspects of Islam. He said: A good manager, in addition to being good at managing affairs, must pay close attention to his relationships with his employees and workers. He must have concern for their needs and strive to solve the problems of workers. With their labor, workers give the essence of their being to society, and for this reason society must be concerned about their rights and needs. It is the duty of managers to work for this to the limit of their responsibility and capability. They must make no distinction between themselves and the workers under them, and follow the model of management set by His Holiness 'Ali (Peace Be Upon Him). He then discussed the Prophet of Islam's populist characteristics. Addressing managers, he said: If you put aside the differences between yourselves and your subordinates and workers in life and work and deal with their pains and problems, you will find a place in their hearts. Otherwise, if you think only of increasing production and improving quality and pay no attention to this, it will not be this way. Continuing his remarks, he then discussed the sale of shares of government-owned factories, saying that workers have top priority as purchasers of shares from these units. He said: In this regard the government has the responsibility of helping and assisting the workers, because if the workers come to consider themselves share holders in the factory someday, many internal problems in the units will be solved, and the production of units will grow in terms of quantity and quality.

He added: In the area of industry, we are opposed to the centralization of wealth. We are not opposed to the private sector, but the worker is both the private sector and a part of this sector, albeit the deprived and oppressed private sector. But why shouldn't these people have shares? Is there any problem in terms of religious law? Where is this in the Koran? What order from the Prophet is this? If I own a factory and I can sell it, then I can choose the customers. What theology tells me not to choose this person, or to choose that person? Where is this? What is the reason? Therefore, if government factories are to be given to the private sector, its workers and employees have priority.

### Remarks from the Prime Minister

Engineer Mir Hoseyn Musavi, Prime Minister, then gave a speech in which he proposed a study for the creation of a university or training centers in order to raise the level of specialist knowledge for industrial managers and make greater use of this organization's resources.

The Prime Minister noted that the most important problem for people who are under domination, considered weak, or subjected to imperialism is the problem of manpower. He discussed the removal of the restrictions that keep people from quickly rebuilding their environment and said: We are sure that in our own country, with this great revolution we have had, something has happened, and we must await management that will arise from the generation of the revolution and lead the country towards progress and advancement in the material world.

The Prime Minister said: One of the tricks of the imperialist powers is to impart the feeling of contempt and backwardness. This is the best precipitator of submission and suffering. When this spirit disappears in a nation, that nation finds the power to overcome its problems.

He added: The notion has always been promoted in our country that Iran is a country of literature and the arts, so to speak, in the sense that it has no capability in other areas. This usually happens in countries under domination, where people see themselves throughout their lives in such societies as incapable of dealing with sensitive matters. The Adam's clay movement is a feature of countries under domination, where the young generations, even when they reach a great age, feel that they have no power to deal with complex issues.

Mr Musavi noted that one of the accomplishments of this revolution was the smashing of this myth, and said that this is the reason for the existence of trained managers in the Islamic republic. He said: Formerly, they reasoned that the forces in management do not have the necessary experience, and that they will destroy the country, but the passage of time has shown that despite great pressure that the system has endured, we are now in a position to discredit these ideas by looking at a few examples.

The prime minister noted the increase of the production indicator from 100 to 140 from 1356 [21 March 1977 – 20 March 1978] to 1363 [21 March 1984 – 20 March 1985], and he called upon the industries organization to promote its activities, projects, and problems, and to explain to the people the efforts and work being done by the various groups under the organization.

Mr Musavi expressed satisfaction with the increase in production indicators, especially for drugs and cement. He said: The important thing which must be noted in this seminar is that we must raise our own knowledge. It is impossible to make progress solely with personal experience. In the last few years we have been working very hard to get the wheels of the country's industry turning, but if we are to take bigger steps, we must combine experience in the industrial environment with the theoretical aspects of management, because we will be able to continue progressing when we are able to put ourselves in touch with all human experience and with the theoretical foundations pertaining to our work.

Mr Musavi discussed the lack of coordination which is likely to arise between various districts and the management of factories in the various provinces, the characteristics of our revolutionary society and the way industrial managers deal with this society. He said: We are looking at a society that has various lively forces.

We are not in a society where people obey some power at the top of a pyramid like machines. We are looking at lively forces, and in every district and village there are political and social forces, and all of them have some kind of say in the management of factories.

While we must work to establish the position of management in society, we must also say that industrial management in society is also public relations management in a sense.

He said: When a society is thinking of its political future, political encounters are natural, and if we affirm this freedom and view it as advantageous to the development of talent, we must learn a new and lively kind of management for such a society.

In discussing what could be studied more in this seminar, the prime minister called attention to the observance of human issues in the factories. Continuing his remarks, he said: With regard to the National Industries Organization, the Ministry of Heavy Industries, and the private sector, we do not want to say to them that in view of the value of currency and in order to turn the wheels of production they must think of attracting the currency they need. We must plan in such a way that our industries will be able to attract currency.

In explaining the matter of turning factory shares over to workers and its planning, he told the audience that they must discuss and study this matter.

Concluding his speech, the prime minister answered questions from the audience concerning various issues in the units under the National Industries Organization.

#### Speech by the Minister of Industries

According to the report at hand, as the seminar continued, Engineer Shafe'i, Minister of Industries, gave a speech expressing the hope that the seminar would be able to illuminate the place and responsibilities of management, explaining the necessary characteristics of a manager in an Islamic society. He said:

One of these characteristics is the establishment of evenhandedness in dealing with subordinates, and refraining from discriminating among them, which will lead to progress in affairs and alleviate many problems.

Continuing his remarks, noting the importance of raising the various qualities of a manager, he cited as important the translation of valuable academic books, and the creation of a university or academic training centers. He called upon organization officials to pursue this matter seriously.

He cited the importance of observing quality in the production units. He said: Unfortunately a number of production units try to increase the quantity of their production without paying attention to quality, and this is detrimental, for if this were not so export markets could be found for quality products.

It is necessary to note that the above seminar will also be held today and tomorrow.

9310

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IRAN

KUWAIT THREATENED BY IRP ORGAN FOR 'IMPUDENT' BEHAVIOR

Tehran JOMHURI-YE ESLAMI in Persian 19 Aug 85 pp 1,12

[Text] Five Iranians in Kuwait, who had been arrested and imprisoned by the Kuwaiti regime, were martyred as the result of harsh prison conditions and occasional torture.

This is a brief news item, but it is so shocking and astonishing that it makes one think. Why has the Kuwaiti regime become so impudent and reckless as to treat Muslims in this way? Why has the Sheikh of Kuwait, who treats everyone rudely, become as impudent as this with Iranian Muslims, and taken to martyring them in medieval dungeons? What has been the response of the Islamic Republic of Iran to these and the Sheikh of Kuwait's other crimes so far, and what will it be? Has the Ministry of Foreign Affairs reacted to this? If the answer to this is yes, then why isn't this turned over for public consideration, to make the people aware of what is happening?

These questions and tens of others are in order, and these issues are current these days, occupying the minds of many people. This is not the first time that the Kuwaiti regime has treated Iranians living in this sheikhdom so rudely. On the eve of International Jerusalem Day, this regime deported 81 Iranians from the sheikhdom. In the last few weeks it has also detained 250 Iranians living in this country, and after confiscating their property and torturing them physically and mentally, deported them by way of its maritime borders in the Persian Gulf using several motor launches. After several days of drifting, the ones who had been driven out crossed over the water into Iranian territory.

The question must be asked, what answer has the Foreign Ministry of the Islamic Republic of Iran given to these insulting measures by the Kuwaiti court, and what response has been given to all this rudeness?

Last year also, an Iranian brother announced after being deported from this country that he had been returned to Iran after four months in prison, being tortured, and having his property confiscated. He was not the only Iranian to be tortured in Kuwait, however. A great many deported Iranians have noted after returning to Iran that during their long imprisonment they were regularly beaten and tortured by security officials of the Kuwaiti court.

Must we not find a way to end this situation? Is it not necessary to give an appropriate answer befitting the contemptible Kuwaiti government to the presumptuousness of the Kuwaiti court? Let us not forget that the Sheikh of Kuwait grovels before the Baghdad regime, and has unconditionally surrendered to Iraq's delegated agents. Kuwait is so abased that even after the Baghdad regime took direct steps to kill the prince of Kuwait, it did not make the slightest reaction



to Iraq. At the same time the prince of Kuwait saw his own attempted assassination and an Iraqi military mobilization against Kuwait's borders as connected events, but this regime was so abased that these events had no effect on its relations with Iraq.

After that the Kuwaiti press disclosed numerous times that large quantities of explosives had come into Kuwait through its borders with Iraq. Some time later two explosions set off by Iraqi agents killed and wounded 100 people, but the Kuwaiti court continued its submissive behavior towards Iraq.

Does not a comparison of the two styles of interaction in the Kuwaiti court towards Iraq and the Islamic Republic of Iran lead us to a new truth? Is not this information sufficient to make categorizations in this area? Can we not say that there is a submissive government in power in Kuwait, which understands only the language of force and is incapable of understanding the humanitarian and Islamic behavior of a revolution? Can we not say that the Kuwaiti court has become accustomed to arrogant encounters, and that we must answer in the same language to be understood?

It is unacceptable that the Kuwaiti court should be so submissive and humble before the war criminals ruling Baghdad, surrendering unconditionally to the Baghdad regime's blackmail, while behaving so rudely towards a revolution that wishes to have a humanitarian and Islamic relationship with its neighbors. The Kuwaiti court must realize that the Islamic Republic of Iran cannot remain indifferent to the killing of five Iranians in Kuwait's prisons, and their being martyred in this sheikhdom's medieval torture chambers. The killing of an Iranian in Kuwait's medieval prisons and under torture must not become an ordinary occurrence, and all must realize this.

The Kuwaiti court must realize that our heroic nation, whose thunderous cries and tempestuous sacred anger overthrew the shah's oppressive regime, with all its power, cannot endure the sight of the killing of its brothers in Kuwait.

The Kuwaiti court must explain what caused this incident, and explain its objectives with this rudeness. The Iranian nation is in great need of an answer to these questions.

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IRAN

EIGHTY THOUSAND APPLICANTS TO PARTICIPATE IN ENTRANCE EXAMS

Tehran KEYHAN in Persian 31 Aug 85 p 21

[Text] KEYHAN Cultural Service—Examinations for high school and vocational school graduates seeking admission to the Free Islamic University were held in the second half of the month of Shahrivar [7-22 September], and in order to select college students from among academy graduates, in addition to academic examinations, ethical criteria are also being used. This was announced by Free Islamic University President 'Abdollah Jasemi, after inspecting one of the examination sites where the medical school admissions test was being given yesterday.

The Free Islamic University medical school admission test was administered to 80,000 applicants yesterday throughout the country. Applicants answered 300 4-choice multiple-choice questions in a three-hour test, in competition for around 2,500 positions.

This test was given in 15 cities. In Tehran there were 28 test sites for boys and 13 test sites for girls. Our correspondent, who visited the Science and Industry University and Sharif Industrial University test sites, writes that these examinations were conducted well. At the Science and Industry University test site, there was a bouquet of flowers at an empty desk to have been occupied by an applicant who was martyred on 25 Mordad [16 August] at the fronts in the battle of Truth against Futility. Free Islamic University President Dr 'Abdollah Jasemi was present at these two universities yesterday morning, inspecting test administration procedures, and discussing the questions with several applicants.

In an interview with KEYHAN, the president of the Free Islamic University first discussed the date test results will be announced. He said: The results of the written medical school admission test for the Free Islamic University, and for affiliated fields, will be ready by the end of Shahrivar [22 September], but the announcement of results depends on the results of the ethical screening.

He then added: Selections for admission to the Free Islamic University, as at other universities and educational institutions, is subject to the approval of the Supreme Revolutionary Council. That is, in order to determine the ethical qualifications of applicants, we will inquire at the appropriate official centers. Of course there are other ways. First, we could temporarily register those who passed the written examination with the highest marks until authorities announce selection results, but this is subject to a decision from the Supreme Free Islamic University Council, and we will inform this council of the situation in a letter.

Concerning the reason for the ethical screening procedure, Dr Jasemi said: We have also had this in the past, when we sent the names of those who passed the written examination to legal authorities such as the courts, the Ministry of Intelligence, and others, asking them for an opinion. Those with no bad record or files were accepted. He then added: For non-program applicants, because they are so widespread, there is no ethical screening unless they are transferring to a program, in which case an ethical screening will be done. Concerning the date of acceptance of non-program applicants, he said: The acceptance of non-program students depends on this university's various units in the municipalities. The Karaj unit has already given the admissions test for non-program students and is now in the final stages of registration. The Tehran unit will also announce its admission procedures by the end of Shahrivar [22 September], and the other units will also gradually make their announcements.

The president of the Free Islamic University then added: For the new cycle, around 40,000 non-program students will be accepted.

Concerning the date of the admissions test for academy and vocational school graduates seeking admission to the Free Islamic University, he said: The admissions test for academy and vocational school graduates will be held on 22 or 29 Shahrivar [13 or 20 September]. Academy graduates will not be given an ethical screening, because they have already had one, and they are officially employed by the Ministry of Education and Training, but there will be an ethical screening for graduates of vocational schools.

In conclusion, he added: During this examination, 400 to 450 people will be selected for admission to the medical school, 100 to 150 of whom will be applicants from Tehran. If resources allow, the Tehran quota may be raised to 200 persons.

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IRAN

### BRIEFS

**REY CEMENT UNIT**—On the joyous occasion of the happy birth of Imam Reza, Peace Be Upon Him, the 2,000-ton Rey cement unit was put into operation in ceremonies attended by Engineer Shafe'i, Minister of Industry. The Ministry of Industry public relations office reported that during these ceremonies, which were attended by the governor-general and mayor of Tehran, the Friday Imam of Rey, and a number of other local officials, Engineer Al-e Mohammad, acting director of Tehran Cement, gave a talk. He discussed the manner of creating the 2,000-ton cement unit, and said that the creation of this unit began in 1358 [21 March 1979 – 20 March 1980] and was carried out with support and cooperation from the Ministry of Industry, the Industrial Expansion Organization, the Plan and Budget Organization, and the Iran National Industries Organization. Engineer Shafe'i, Minister of Industry, then congratulated the officials and employees of this great industrial unit on its inauguration. He gave a talk in which he discussed present capacity of cement units. According to the Ministry of Industry's plans, the creation of 14 2,000-ton units, two 2,300-ton units, and one 300-ton unit is planned, along with a number of smaller units. The Minister of Industry also said that some of the shares of the 2,000-ton Rey unit will be turned over to its employees. In ceremonies, Engineer Shafe'i praised the esteemed martyrs of the Rey and Tehran cement units, and the employee gym for the 2,000-ton Rey cement unit was also opened in the presence of the Minister of Industry. [Text] [Tehran KEYHAN in Persian 31 Jul 85 p 3] 9310

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